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SITTING DAYS—2014

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FORTY-FOURTH PARLIAMENT
FIRST SESSION—FOURTH PERIOD

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

Senate Office holders

President—Senator Hon. Stephen Parry

Deputy President and Chair of Committees—Senator Gavin Mark Marshall

Temporary Chairs of Committees—Senators Christopher John Back, Cory Bernardi, Sam Dastyari, Sean Edwards, Alexander McEachian Gallacher, Susan Lines, Deborah Mary O'Neil, Nova Maree Peris OAM, Dean Anthony Smith, Zdenko Matthew Seselja, Glenn Sterle, Peter Stuart Whish-Wilson and John Reginald Williams

Leader of the Government in the Senate—Senator Hon. Eric Abetz

Deputy Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC

Leader of the Opposition in the Senate—Senator the Hon Penny Wong

Deputy Leader of the Opposition in the Senate—Senator Hon. Stephen Conroy

Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield

Manager of Opposition Business in the Senate—Senator Claire Moore

Senate Party Leaders and Whips

Leader of the Liberal Party in the Senate—Senator Hon. 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 Opposition in the Senate—Senator the Hon Penny Wong

Deputy Leader of the Opposition in the Senate—Senator the Hon Stephen Conroy

Leader of the Australian Greens—Senator Christine Anne Milne

Leader of the Palmer United Party in the Senate—Senator Glenn Patrick Lazarus

Chief Government Whip—Senator David Christopher Bushby

Deputy Government Whips—Senators David Julian Fawcett and Anne Sowerby Ruston

The Nationals Whip—Senator Barry James O'Sullivan

Chief Opposition Whip—Senator Anne McEwen

Deputy Opposition Whips—Senators Catryna Louise Bilyk and Anne Elizabeth Urquhart

Australian Greens Whip—Senator Rachel Siewert

Palmer United Party Whip—Senator Zhenya Wang

Printed by authority of the Senate
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<td>30.6.2017</td>
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<td>Brandis, Hon. George Henry, QC</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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<td>Peris, N.M.</td>
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(1) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice R. Carr), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**

AG—Australian Greens; ALP—Australian Labor Party;
AMEP—Australian Motoring Enthusiast Party; CLP—Country Liberal Party;
FFP—Family First Party; IND—Independent,
LDP—Liberal Democratic Party; LNP—Liberal National Party; LP—Liberal Party of Australia;
NATS—The Nationals; PUP—Palmer United Party

**Heads of Parliamentary Departments**

Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—C Mills
Parliamentary Budget Officer—P Bowen
<table>
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<tbody>
<tr>
<td>Prime Minister</td>
<td>The Hon Tony Abbott MP</td>
</tr>
<tr>
<td>Minister for Indigenous Affairs</td>
<td>Senator the Hon Nigel Scullion</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for the Public Service</td>
<td>Senator the Hon Eric Abetz</td>
</tr>
<tr>
<td>Minister Assisting 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>
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<tr>
<td>Minister for Infrastructure and Regional Development</td>
<td>The Hon Warren Truss MP</td>
</tr>
<tr>
<td>(Deputy Prime Minister)</td>
<td>The Hon Jamie Briggs MP</td>
</tr>
<tr>
<td>Assistant Minister for Infrastructure and Regional Development</td>
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<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon Julie Bishop MP</td>
</tr>
<tr>
<td>Minister for Trade and Investment</td>
<td>The Hon Andrew Robb AO MP</td>
</tr>
<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</td>
<td>Senator the Hon Eric Abetz</td>
</tr>
<tr>
<td>(Leader of the Government in the Senate)</td>
<td>The Hon Luke Hartsuyker MP</td>
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<tr>
<td>Assistant Minister for Employment</td>
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<tr>
<td>(Deputy Leader of the House)</td>
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<tr>
<td>Attorney-General</td>
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<tr>
<td>Minister for the Arts</td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>(Vice-President of the Executive Council)</td>
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<tr>
<td>(Deputy Leader of the Government in the Senate)</td>
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<tr>
<td>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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<td>Senator the Hon Richard Colbeck</td>
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<tr>
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<tr>
<td>Assistant Minister for Education</td>
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<tr>
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<tr>
<td>Minister for Industry</td>
<td>The Hon Ian Macfarlane MP</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>The Hon Kevin Andrews MP</td>
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<tr>
<td>Minister for Health</td>
<td>The Hon Peter Dutton MP</td>
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<tr>
<td><strong>Minister for Defence</strong></td>
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<tr>
<td>Minister for Veterans' Affairs</td>
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<td>Senator the Hon Michael Ronaldson</td>
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<td><em>The Hon Darren Chester MP</em></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>Parliamentary Secretary to the Minister for the Environment</td>
<td><em>Senator the Hon Simon Birmingham</em></td>
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<tr>
<td><strong>Minister for Immigration and Border Protection</strong></td>
<td>The Hon Scott Morrison MP</td>
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The PRESIDENT (Senator the Hon. Stephen Parry) took the chair at 10:00, read prayers and made an acknowledgement of country.

DOCUMENTS

Tabling

The Clerk: Documents are tabled pursuant to statute, in accordance with the list circulated in the chamber.

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

COMMITTEES

Environment and Communications Legislation Committee

Legal and Constitutional Affairs Legislation Committee

Meeting

The Clerk: Proposals have been lodged by the Environment and Communications Legislation Committee for a public meeting today from 10.10 am, and by the Legal and Constitutional Affairs Legislation Committee for a private meeting today from 10.10 am.

The PRESIDENT (10:01): I remind senators that the question may be put on any proposal at the request of any senator.

BILLS

Higher Education and Research Reform Amendment Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator EDWARDS (South Australia) (10:01): I rise to contribute to the debate on the Higher Education and Research Reform Amendment Bill. Of all the misrepresentations the Labor Party have been guilty of through the course of this parliament, their lies about the higher education bill just about take the cake. These are reforms that increase access to higher education. These are reforms that make an individual's access to trades training not reliant in the least on their family's means. This class rhetoric that Labor reliably falls back on when in doubt is the antithesis of reality. In Australia the only determinant of one's access to higher education is one's academic merit. This is a bill which will not only enable Australia's universities to excel on the world stage but, critically, provide opportunities to potential students who would otherwise miss out due to location or financial issues.

But that is Labor for you. That is the Labor we have come to know. If the choice is between a crucial economic deregulation reform that provides a sustainable system which at its heart opens education to participants with aptitude rather than just participants with means and a politically profitable scare campaign, Labor will reliably embrace the latter, even to the detriment of poorer Australians. Don't take my word for it. Professor Ian Young, the Vice-Chancellor of the ANU here in Canberra and the Chair of the Group of Eight, a coalition of Australia's elite universities, has also stated that it will not have $100,000 degrees.
These higher education reforms come at a critical time for the university sector. In a recent submission to the Senate Education and Employment Legislation Committee, Universities Australia said the following:

We have a choice. We can keep going as we are where the demand for quality university education continues to outstrip the capacity of the system to pay for it; or we do something different.

I commend Minister Christopher Pyne for acknowledging and tackling this problem.

The future viability of our university system is essential in extending the knowledge base and the prosperity of future generations, but it is only part of a suite of programs which this government is endorsing to create jobs. In addition to the higher education reforms we see before us, we have introduced Trade Support Loans, which will provide up to $20,000 for apprentices to assist with their daily costs and the purchase of tools and supplies as they complete their training.

As a South Australian, I was concerned to see that in 2013 Australian apprentice and trainee commencements fell by 39 per cent—the worst performance of all states and the lowest South Australian commencement rate on record. There has been 12 years of Labor government in South Australia, and what do they do? They call for a new minister for trades training in the northern suburbs. Their only answer is to put more bureaucracy in place. I see Senator Cameron shaking his head over there. These are the very people who in your union days you used to represent. You would stand on the picket lines and chant about the inequities. We are trying to get more apprentices and you have watched over a decline of 39 per cent over that period. Six years in federal government and a 39 per cent fall—the worst performance of all states and the lowest South Australian commencement rate on record. Well done!

Something needs to be done, and the passage of this bill will ensure that the rot that has set in will abate. It is noted that one of the key impediments to people undertaking and completing their apprenticeships is the cost of equipment and other necessities. By supplementing apprentice wages with Trade Support Loans, we will be encouraging apprentices to go the whole way with the course, which in turn stands them in good stead for a higher income and stable employment. The Trade Support Loans scheme will work identically to the HELP scheme, a system which ensures that students do not have to pay a cent up-front for their higher education. This allows students to attend university without any discrimination as to their wealth or their socioeconomic status.

It is only once they earn about $50,000 per year that HELP recipients are required to repay their loans—thoroughly reasonable and thoroughly equitable. Nonetheless, as with other loans, people are able to pay it down faster with their own contributions earlier, should they desire. This government is spearheading policies which are designed to minimise the pressures of pursuing further education for people of all ages and socioeconomic backgrounds. Over 80,000 extra students will be provided support under this new scheme by 2018. This comprises 48,000 more students studying diploma, advanced diploma and associate degree courses and 35,000 additional students undertaking bachelor courses.

The government is investing $371.5 million expanding the current higher education system, which will allow institutions to offer more courses to more students. This increased diversity in courses will give a prospective student more choice in what they want to study,
which provides career opportunities and pathways to further qualifications, should they choose.

The subbachelor sector will also receive a significant boost. Each year, this sector supports thousands of students in developing their skills and their skill sets, as well as expanding their knowledge of the trade they intend to pursue. When considered alongside the training components of, amongst others, the Green Army and Industry Growth Fund programs, it just goes to show how committed this government is to upskilling and enhancing the job prospects of Australians. The expansion of the higher education system includes more support for the regional sector, where for too long choice in higher education has been limited. The potentially off-putting trek from the country to the city to study is quite often a barrier for teenagers who have grown up in the country, and the need to obtain accommodation outside of their home towns can certainly place a financial burden on families. Many will now be able to pursue higher education outcomes closer to their family and friends.

Regional universities will receive an additional loading for the cost of running a non-metropolitan campus. They will be able to offer more courses and compete to attract more students. Further to this, the new Commonwealth scholarship scheme will create a major support pathway for disadvantaged students wanting to go to university. Under the scheme, universities and higher education providers will provide funding to students from low-socioeconomic backgrounds. This funding may take the form of a needs based scholarship to meet the cost of living, covering fee exemptions, tutorial support and other items.

I have spoken before in this chamber about the staggering youth unemployment rate in my home region, particularly in the Wakefield electorate in the northern suburbs of Adelaide. The need for education reform could not be greater. As I said before, under the state Labor government the youth unemployment rate in that region has hit 45 per cent. Across the whole of South Australia, 31 per cent of 2013 school leavers are not engaged in full-time study, work or training—well above the national average.

I note that Senator Day is in the chamber, waiting to make his contribution to this debate. His sector is the building sector while mine is the wine sector. He knows, as do I, that these two industries—so critical to South Australia's prosperity—have suffered as a result of the constraints on our education sector, as well as from the lack of South Australian government support for affordable land. The policies of the state Labor government do not promote growth in the building industry. They do not promote growth in apprenticeships—or trades or training—to the extent that, as I said earlier in this contribution, there has been a drop of 39 per cent in trades training starts over the period. That is an appalling statistic and is something that will obviously be an issue for the building trades—stonemasons, plumbers, electricians and so on—in years to come.

People forget that this bill is about making change in the trades area. They think this is about universities and more doctors, physiotherapists and scientists. It is not. It is about kick-starting the engine room of the economy. As Senator Day did so many years ago, my son has just completed the third year of an apprenticeship in carpentry and is looking forward to a successful career in building. Tragically over the weekend he said to me that he was looking at moving interstate from the country centre where he has learnt a broad cross-section of skills and trades training. He said, 'I might look to go where the growth is, where they are releasing land and they are getting an increase in population, unlike in South Australia where it is
decreasing.' People are leaving South Australia because South Australia is the highest state taxed state in the nation. It has an appalling record.

For us in South Australia, this higher education bill provides an opportunity for one of our most glorious exports in South Australia, which is education. We have three universities—the University of Adelaide, the Flinders University and the University of South Australia. This will strengthen their position on their core subjects which they are very good at. Not all universities are good at everything. But the way in which the system works now promotes mediocrity in just about everything. Those universities which have a long history and some very good academic support for headline subjects and courses will excel. They will be able to afford to put money into those courses and attract students from all over the world. Likewise, universities in South Australia and, indeed, around Australia will be able to play to their strengths. Isn't that what a market economy is all about? This is no different.

This provides the higher education sector the opportunity to go to a market economy. For what they are very good at they will have a high level of applicants. They will be able to offer those courses competitively with courses around the world. This is about being globally competitive. This is about getting our universities in the top 100 universities around the globe. This is about all the emerging wealth of people in India and China and them looking on Australia as an aspirational place to come and study. This is about not having to have a Colombo Plan like in the 1960s and 1970s. This is about having the ability to attract a lot of people from these emerging economies around the world and having them come in Australia. Whether it is Murdoch University, the ANU, Sydney university, Bond University, Adelaide university, the Melbourne universities or any of the universities in Perth, Sydney or Queensland, they will all develop their strengths in their various areas because they will be open to a market economy. They will do what they do best and what they excel in now. They will not have to be dumbed down into a position where they have mediocrity across all levels and all courses and a funding base which is based upon offering courses that they really are not equipped to run.

This crosses over into the agricultural sector as well because in South Australia there are none better served than we are by the Roseworthy Agricultural College campus. I say that because it has produced many fine natural resource people who are working on the environment. It has also produced many fine viticulturists who are working in our great wine industry. It has also had many oenologists graduate. These are graduates from courses which will be, by virtue of the passage of this bill, opened to the global market economy. I feel sure that these courses will be competitive. They have such good reputations and they will attract international participation.

The higher education reform package will deliver outcomes for all Australians. For those who had already intended to study, the university system will be open and competitive, making universities specialise in specific areas and offering best in the world courses for students. For those who had not considered further education, there will be more funding for sub-bachelor programs and training courses which will allow them to enter or re-enter the workforce with new skills. With HELP being extended, there will be opportunities for first generation students and their respective families. The need for reform was glaringly obvious, and it has taken this government to deliver the reform that will stand the children, families and workforce of Australia in good stead for many years to come.
Before I finish this contribution, I will say that I spend quite a lot of time at the University of Adelaide. I just recently attended its 140th anniversary celebration. It came into existence with a group of people who founded South Australia who had foresight and vision and were able to inspire fundraising to build that magnificent facility that we have today. It is an aspirational university. I was at Flinders University yesterday, a Sunday, going around the grounds there. It is another magnificent university. The sprawling west end of the University of South Australia is also ever growing.

Universally when people from these universities speak to me they tell me that they want this reform. The people who run these universities are now looking to be globally competitive, with everybody vying for a good education sector reputation. Those people want this bill to pass. They understand what Minister Pyne is seeking to achieve. They also want to be able to play to their strengths in their syllabuses. I think that those on the other side should spend some time with the vice-chancellors, boards and students of these universities. I commend the bill to the chamber. *(Time expired)*

**Senator POLLEY** (Tasmania) (10:22): I rise today to speak on the Higher Education and Research Reform Amendment Bill, a bill which promises to make higher education in this country the preserve of those with significant financial resources. I thought the contribution from my colleague on the other side of the chamber only reinforced that. He thinks that the only way we can have world-class universities in this country is to increase the fees. So, if you pay $100,000, that is the new guarantee that you are going to have a higher standard. It just goes to show how he might have gone along to celebrate 150 years at a university but he did not speak to any of the students. He did not speak to those mature-age students who want to go back and further their education. He certainly has not spoken to anyone with any disability who wants to attend university.

In simple terms, this is another heartless government attack to reduce the contribution to course fees by 20 per cent to allow universities to decide how much to charge students. The government has denied this charge for some time, but it seems like they are finally owning up to it. During his address to the G20 leaders' retreat, the Prime Minister said:

Two issues in particular that I lay before my colleague leaders: we have tried to deregulate higher education, universities, and that’s going to mean less central government spending and effectively more fees that students will have to pay. We think that this will free up our universities to be more competitive amongst themselves and more competitive internationally but students never like to pay more.

That is what our Prime Minister said.

Just what does this mean? I think the member for Ballarat had it just right in the other place when she said:

Among those young Australians who will be hit the hardest are those attending our regional universities. Over the last 40 years, the reforms of successive Labor governments have opened up our universities, providing those who previously could only dream of going into higher education with the opportunity to do so. Labor successfully ended the cycle of young academic talent being overlooked due to the size of their parents' bank balance. This bill aims to absolutely smash that legacy. Just as the Abbott government did with health and with pensions and with superannuation, they are pursuing a cruel and flawed—
position which is part of their DNA. They are 'directly attacking Australia's sense of social equity, the very framework that has made our country the envy of the developed world'.

What these changes to higher education mean is that for the first time in Australia we will have $100,000 degrees. We will have the cost of degrees in engineering increasing by 58 per cent. We will have graduates in nursing never clearing their debts. Just imagine entering into a degree, embarking on your choice of career, looking to perhaps start a family and realising that you may never clear your debts. Just consider the mental strain this will put on people seeking to further themselves through higher education. It will hang around their necks for decades. It will weigh on them. It will completely change the way we look at obtaining a degree. A degree will appear more like a sentence than a chance of a better life.

The impact that these changes will have are not always immediately apparent. That is what is arguably the most terrifying aspect of all this—the hidden knock-on effects that will affect so many different parts of Australian society. Recently I have been analysing how we can improve palliative care services in Australia. It is my firm view that we as a nation should aim to be the world leaders. But these changes to higher education may actually halt this objective in its tracks. Given that some 80 per cent of palliative care medicines are prescribed by GPs, it is important to consider that GP numbers, distribution, skills and availability have a considerable impact on palliative care outcomes. Alarmingly, the government's budget proposal to deregulate university fees and to change HELP indexation will discourage Australian students from studying medicine.

This will have a particularly profound impact on candidates from rural, regional and outer metropolitan areas, where palliative care demand is high and GP resources are often under considerable strain. Evidence from the United States and Canada indicates that medical students who incur high levels of education debt are less likely to aim for general practice. Therefore, the future viability of palliative care in Australia could be compromised by changes to higher education that deregulate fees. This is just one example, of course. It is one of many. The ripple effects will not always be immediately apparent, but this legislation would make our society more unequal and would have a particularly severe impact on those from lower socioeconomic backgrounds.

In my hometown of Launceston, in Tasmania, this debate has been brought sharply into focus. The University of Tasmania's Newnham campus is an outstanding institution in every respect. It undertakes research in groundbreaking, innovative fields such as biomedical science. It is the city's largest employer and a key economic driver for the region. Sadly, its security, its capacity to educate students from a range of backgrounds—its very existence, in fact—is under threat. UTAS Vice-Chancellor Peter Rathjen has warned that the Abbott government's $30 million cut to its funding may force the university to raise student fees, slash courses and abandon research. This is in stark contrast to the contribution made by Senator Edwards, so obviously he has not been to very many university campuses in the regions.

Professor Rathjen also said:

The ability to recoup those reductions in revenue through fee premiums may be limited by the economic circumstances of the island.

He said the university would be forced to re-evaluate its mission and decide which of its goals would be—and these are his words—'diminished or abandoned'. He has noted:
Those subjects that we do not teach, the research that we do not conduct, or the social programs that we do not support are unlikely to be replaced easily by other providers.

At this year's state Labor conference a motion was successfully carried which vehemently opposed the Abbott government's planned changes to the higher education sector. The motion was a simple one but its message was incredibly powerful:

Conference reaffirms its stance that education is a right not a privilege and that your economic circumstances or background should not be a barrier to equal opportunity.

That for me sums it up. It is about equal opportunity. Whether or not you can aspire to go on to university should not depend on your parents' bank balance or credit card.

Sadly, the Abbott government doesn't seem to get it. In July this year the Minister representing the Minister for Education, Senator Payne, stumbled badly in her response to several questions from shadow higher education minister Kim Carr during Senate question time. When asked about reports featured in northern Tasmanian media raising the possibility of campus closures in the state's north as a result of the Abbott government's $30 million cut to UTAS, Senator Payne completely stalled. She appeared to think that creative thinking could overcome a lack of proper funding for higher education. She said:

What is actually the problem here is not the government's proposals but those opposite's complete incapacity to think outside the square for even a moment in terms of the operation of Australia's higher education sector …

That is right: we had a lecture from Senator Payne on how we should 'think outside the square'. You couldn't think this stuff up if you tried. Members and senators in the coalition are so glaringly out of touch, so closeted in their thinking, that they think saying stuff like that is actually normal. It represents a reasonable line of thinking for them.

Senator Carr also asked Senator Payne to cite a single example—just one—of where university deregulation in another country has resulted in lower fees and lower student debts. Tellingly, she could not provide a single one. Yet Mr Pyne has been quoted as saying:

… we are trying to help rural and regional Australians by allowing their universities to compete on price …

So he clearly doesn't understand this issue from a global perspective. The Abbott government have not done their homework on what these changes could mean for higher education. Senator Carr and I share the same concerns when it comes to UTAS. The Abbott government have been given several opportunities to guarantee the future of higher education in the state and failed spectacularly each time. It certainly is dawning on many people that the Abbott government are closing opportunities to prospective students and sentencing others to a lifetime of crippling debt.

Over the course of the last year I have asked again and again for the federal Liberal member for Bass, Mr Nikolic, to provide leadership on the future of the UTAS campus. But just like other coalition backbench MPs across the country, glancing nervously back at their electorates but sitting idly on their hands, he has not stood up for his constituents. He has not stood up for those from disadvantaged backgrounds who want to be able to go on to university. He has not stood up for those mature age students who want to go back and continue their education. He has not stood up for people with disabilities, who already have to overcome enormous obstacles to enter higher education.
The only time he has made some noise is when an opportunity has presented itself to promote himself. Several months ago now he was caught red-handed taking credit for 180 new student apartments built at the Newnham campus under Labor's National Rental Affordability Scheme. This, I remind you, is a scheme that was unceremoniously scrapped in the 2014 federal budget. Yet there he was, cutting the ribbon. It was just incredible—taking all the glory but not standing up for his constituents, not standing up for northern Tasmania. It is just one example of how this government has abandoned UTAS.

During last year's federal election campaign, Labor pledged an additional $28 million over four years to build on the Northern Health Initiative. This would have allowed the university the freedom to target new university students and expand its horizons. It would have seen close to 700 more health students trained every year, while also creating 345 new jobs during construction, more than 70 new ongoing positions and a decade-long $1.2 billion economic return for the state. Instead of delivering on projects such as this, we have a government in power completely unconcerned about the Newnham campus. Mr Nikolic and his coalition colleagues are not concerned about saving industries, investing in new projects, protecting jobs or seizing new opportunities. They are stuck in opposition mode and out of their depth.

The Abbott government's first budget has been the most divisive budget in contemporary Australian political history. That much is clear. But I think it is this bill—the planned changes to higher education—that most starkly frames the difference between Labor and the coalition. It is this issue which highlights how divergent the world view of conservative politicians is from that of ordinary people across Australia seeking better outcomes for themselves.

What we have here is a clear choice. On the one hand we can have a higher education system that is accessible to all, that guarantees that talent, intelligence and hard work are the prerequisites for obtaining a tertiary degree—not one's bank balance. We can have a system that does not saddle students with unbearable levels of debt. On the other hand, there are the coalition's planned changes that will create an elitist higher education system, a system where people retire still crippled with student debts, a system that actually discourages people from seeking a degree.

When Senator Edwards made his contribution, he spoke about this bill enabling people from families that have never before had anyone go on to higher education to do so. Nothing could be further from the truth. In my home state of Tasmania, relatively few students take up the option of going on to tertiary education. This bill will not enable people from families who have never had anyone go to university to do so. I was out at the University of Tasmania very recently talking to staff and students—and many of the students I spoke to were the first from their family to go on to tertiary education. That will now be out of reach for far too many people in my home state. This cruel, heartless government is turning back the clock. We should be ensuring that everyone who has the intelligence and capacity to go on to university has the opportunity to do so. Whether they are disabled, mature age or straight out of year 12, we should be doing everything we can to ensure they have that opportunity.

The economic benefits from tertiary education are boundless. My home state, under a state Liberal government, is trying to encourage businesses to come and invest in the state—which I support. But the first place to invest is in the education sector so that all Tasmanians, from the time they start preschool all the way through, can know that, like everyone else in this
country, they will have the opportunity to go on to university if that is what they choose to do. But this government is going to take away that opportunity.

This government wants to Americanise our universities—and we know what happens in America. With most things in America, whether it is in education or health or being appointed to be a judge on the bench, it is about how much money you have—how big a donation you are prepared to make to the university to get your child into that university. We on this side of the chamber say that we want our sons and daughters—and our grandchildren—to have the opportunity to go on to university.

We should not be denying them this opportunity. But, as with everything this budget is about and everything this government is about, it is about turning the clock back so that those people who support those on the other side of this chamber—those people from the big end of town—get all the opportunities. I hope that those on the crossbench will realise what this government is really about, and that is not leading in health and that is not leading in research. I say that that is wrong—that is so wrong, and it is so un-Australian.

I am calling again on the member for Bass to stand up for northern Tasmania. He says, in every opportunity with the media and when he confronts the community, that Labor is out scaring students. Well, I am sorry: it is not us who is doing that. It is this government that is scaring people. What happens when a family has to consider if they should send their son or send their daughter to university? We know what happened in generations past: even if they could afford to go it was their sons who went to university. What I am saying is that whether you are the son or the daughter, you should have the same opportunities.

I call on the 'three amigos'—they so proudly call themselves the 'three amigos'—from Braddon, Lyons and Bass and say that it is about time they rode into town and stood up for the people they were elected to represent. Their actions—which is no action—are resonating in the community. And those people on the other side do not want to talk about Victoria today. I bet we do not have any questions about Victoria today, because in Victoria the people spoke very loudly and very clearly. They said no to these changes to higher education, they said no to the cuts to health, they said no to the GP tax and they said no to more changes to the pension.

So if those opposite were a wise government that was prepared to govern for all, they would listen and would scrap this bill immediately. I oppose this bill because the people of Australia oppose it.

Senator RICE (Victoria) (10:42): We can all agree that Australia needs to invest in the minds that will shape the 21st century. Our decisions on university funding today are going to shape the opportunities of tomorrow. So the question that we are facing today is: do we want an Australia where opportunity is based on the content of people's character and ability or an Australia where opportunity is based on the size of their parent's wallet? We absolutely should strive for world-class education for all.

From 1974 to 1988, Australians enjoyed free university education. I was the beneficiary of this, and I imagine many of the people in this place were too. We must not take it for granted. I recall being at university, and the cost of my university education was not an issue at all.
There was a sense that the world was my oyster; I could go on, realise my potential and do whatever education was necessary in order for me to be able to contribute to the best of my ability to Australia. I had the confidence to take on those challenges, knowing that the ability to be able to be educated and to be able to achieve to the best of my ability was there.

This Higher Education and Research Reform Amendment Bill 2014 that we are debating today is going to make it harder—much harder—for students from disadvantaged backgrounds to achieve their potential, by stripping funding from public universities by $5 billion and forcing them to compete against private providers. And these private providers—the for-profit universities—will not be required to offer a wide range of courses, to undertake research or to engage in the community service that our universities do today, like their public competitors. Do we really want to create a system like in the United States, where the most vulnerable are lured by the promise of breaking the cycle of poverty only to find that they are in debt for the rest of their lives for a substandard education?

In my home state of Victoria, there are more than 325,000 students and around 30,000 staff at Victoria's universities who are going to be affected by these regressive higher education changes. I think of the students I have met from Victoria University, which is near my home. Most of the students at Victoria University did not grow up in the richest of households or go to the swankiest schools. The campuses are in Footscray, St Albans, Hoppers Crossing and Melton. These are people who have had to work hard, who have not had all the benefits of wealth. Some have left their friends and family in regional Victoria to take up the opportunity to pursue a tertiary education. Others have come from poor backgrounds, determined to break the cycle of poverty through education. Very large numbers are first generation Australians. They are kids from families with migrant and refugee backgrounds who are determined to get an education and to contribute to Australia to the best of their abilities. They are not, under this proposal, going to have the same opportunities to learn.

Even if they do manage to go to university, it is going to cost them so much more and it is going to take them so much longer to pay their debt off. For many, the prospect of this kind of debt is just too great, especially if they do not have a financially secure family to fall back on. If your whole life has been about scraping together enough money to survive, the prospect of taking on a huge debt is just too much and you say, 'No, I am not going to do it.'

It is not going to impact kids like my two sons, who are 23 and 20. Yes, it would be an impost on them, but I know they have a financially secure family to fall back on if they end up with a massive debt. They can have that confidence that comes with youth—not really thinking too far into the future. My 23-year-old gets his HECS fee statements and he says, 'Yes, that's fine', because he knows that, if things go wrong, his parents will probably come to the rescue. But I know so many of their friends who went to the same really great state public schools—they do not have that background. They have come from broken families, they have moved out of home at the age of 16, they have struggled to pay rent—particularly in the tight Melbourne rental market—and they are saying, 'No, I just cannot take the risk.' They do not have the confidence to take on that level of debt.

While on my way to Canberra, I had a listening tour through regional Victoria—stopping off on my bike all along the way. I asked people what they wanted me to be doing for them in Canberra, how they wanted me to represent them. Many of those hundreds and hundreds of
people I met talked to me about these proposed higher education changes and talked to me about the brutal government budget.

One story that particularly sticks in my mind is that of a woman I met in Bendigo. We were having afternoon tea in a cafe in Bendigo and I just got chatting to her, telling her that I was about to go to Canberra to be her senator and asking her what she would like me to represent her about. She immediately talked about the higher education charges. She was in her forties. She had worked in dead-end jobs all her life and she told me she had just reached the stage in her life where she felt capable of going, and wanted to go, back to university. She wanted to do an arts degree. She wanted to end up as a social worker or to do something else using the benefits of a degree. But, having heard about the proposed changes in higher education funding, she said, 'No way.'

There was no way she was going to do it. She was going to keep working in the same dead-end jobs she had been working in. She said there was no way, at her stage of life, she was going to take on the massive amount of debt she would have to under these changed higher education rules. Because she had been on a limited income her whole life, she had been very wise in her financial management. She had never had a credit card, she had never gone into debt for anything and she was not going to even consider the prospect of doing a degree now under these new arrangements. I think that is just so sad.

All over Australia, there are hundreds, thousands or even tens of thousands of people like that woman in Bendigo who are saying, 'No, I am now not considering taking up the opportunity to try to reach my full potential.' And do not be fooled by the claim that the so-called 'Commonwealth scholarships' will come to the rescue of people like the woman I met in Bendigo and other disadvantaged students. The brutal Tony Abbott and Joe Hockey budget abolished $800 million worth of start-up and relocation scholarships, to be replaced by these Commonwealth scholarships that will be funded by $1 for every $5 of student fee increases. So these will only be created by massive fee increases paid by those not lucky enough to be awarded with a scholarship. Very few students will benefit from all the others paying through the nose.

Modelling by the National Tertiary Education Union shows that for a third of students at the University of Sydney to receive some form of limited financial support the annual fees paid by the remaining two-thirds will have to rise by more than 160 per cent. This will mean an extra $12,800 in student fees. This is not creating more opportunities. And what will these scholarships cover? Will they cover tuition? Will they cover books and equipment? Will they cover the cost of living? And at the end of it all, will it all need to be paid back as yet another loan? The answer is we simply do not know.

Neither the government nor the vice-chancellors of the Group of Eight universities have disclosed how their scholarship programs will work. They do not want the senators on this cross-bench to know the truth. And appallingly, the students who are going to be the hardest hit by these changes will be those in regional areas and in the outer suburbs of our cities.

The minister's claim that the universities so vital to these communities will benefit from Commonwealth scholarships is simply ridiculous. Students at these universities are already the most burdened by fees and the most in need of scholarships. Any scholarships they have to offer will be spread far too thinly across the large number of disadvantaged students. The bill will make it harder for disadvantage students to go to university, it will increase the cost
for those who do go to university and it will reduce the quality of the education provided. The loss of opportunities for the people being affected by this and the loss of opportunities for innovation are going to affect us all.

It will no doubt hit our future jobs market because we know that jobs are available to people with skills and education in the areas for development in the Australian economy. Yet the government has the nerve to argue that this will help the youth unemployment rate. In my home state of Victoria, youth unemployment is hovering around 14 per cent and it is more in outer suburban and regional areas. Education is the key to reducing this figure. We need to be giving more young people the opportunity to excel, not to be imposing barriers. I really do think the results of the Victorian election on the weekend show that people understand this. The results really show that people were voting against changes that are not going to give people opportunities. Victorians were voting for providing services and opportunities through maintaining quality education being available to all.

The government has proposed a 10 per cent cut across the board to cut the Research Training Scheme, as well as a fee of up to $4,000 for PhD students. This is another incredibly regressive and backward element of the bill. It is also on top of cuts to the CSIRO, to the cooperative research centres, to the Australian Research Council, to ANSTO and to DSTO. These cuts are not just going to hurt the scientists and the inventors who have dedicated their lives to research. These cuts are going to hurt us all through a lack of Australian innovation.

As Australia continues to grow, we cannot let Australia lose its position as a preferred trading partner. We need to keep investing in education and innovation. It is the absolute bottom line, fundamental to the Australian economy. Otherwise, we are going to lose out to neighbours who continue to invest in research. It is a choice. We can continue to see our economy as, increasingly, the dig it up and ship it out mentality or we can be investing in education, in research, in innovation.

As a regional leader in education, we should be harnessing our knowledge not just to benefit ourselves domestically but to use these skills to export goods and services. That is the area that is going to make the Australian economy grow and that what the Australian economy is going to depend upon in the future. The renewable energy sector is a very good example of that. It is dramatically expanding in the United States, in China and throughout Europe. We here in Australia have an opportunity to be a world leader, but we need to be investing in education. We need to be investing in research. Otherwise, we will be throwing that opportunity away with the flick of a switch. For the sake of the minds that are going to shape our nation in the coming generations, we must not pass this bill.

Senator SMITH (Western Australia) (10:56): I welcome the opportunity to participate in this debate about the future of higher education in this country, because the fact of the matter is that we can do better than we have been doing. But it is going to take a change of mindset. One of the curious things about this place is the attempt by those opposite to paint those of us on this side of the chamber as backward-looking, when on this bill, the Higher Education and Research Reform Bill 2014, as on so many important economic reforms over the last year, they are the ones looking back, clinging onto a world that no longer exists.

We live in an international economy that is constantly changing and constantly evolving. That is something we should all recognise and appreciate. If we want Australian universities to be the best, and if we want to attract the best and the brightest to study at them and to teach
at them, then we have to recognise we are part of a global marketplace. I understand the sentiment surrounding the Whitlam era reforms has been heightened recently, but the truth is: that was four decades ago. Gough Whitlam governed in a very different time and in a very different Australia. The future needs of Australian students and of our education sector more broadly are not going to be met by indulging in misty-eyed sentimentalism about how things used to be, which has been the response of some of those opposite in their pining for the age of 'free' university education.

As most of us in this chamber have worked out—or I hope have worked out—when we talk about 'free' education, what we actually mean is 'taxpayer funded' education.

Senator Williams: Nothing is free!

Senator SMITH: I might just add, Senator Williams, that we are talking about taxpayers who might not come from privileged backgrounds but taxpayers with backgrounds like that of my parents and my grandparents. We are talking about people who have worked hard to raise families finding themselves funding the education of others. I will come back to that in a moment.

As Senator Williams said, nothing in the world is free. Ultimately it is paid for by working men and women in this country, men and women like those in the streets I grew up in—Perth’s northern suburbs. Australians are rightly proud of our higher education sector and they make a significant investment in it with their tax dollars. That is equally true both of those who attend and of those who do not attend university. When some in this place dream of a return to 'free' education, what they are really saying is they think it is fine for those who do not attend university to fully subsidise those who do. That is the logical extension of their argument.

What this government is asking is very simple. We are asking students to contribute half the cost of their education, with the tab for the other half being picked up by the taxpayer. At the moment, it is a 40-60 split, with the majority of the cost falling on taxpayers. From the carry-on from some in this place, you would think such a suggestion was the end of civilisation as we know it.

As is so often the case in this chamber, I find myself drawn to the arguments made by Labor leaders past in attempting to convince those opposite to support sensible reform. If the facts and the evidence will not convince you, maybe a bit of tribal loyalty will. I wonder if Labor senators can tell me who said:

There is no such thing, of course, as "free" education somebody has to pay.

… a "free" higher education system is one paid for by the taxes of all, the majority of whom haven't had the privilege of a university education. Ask yourself if you think that is a fair thing.

Those words did not come from a right-wing radical—though, given Labor's present attitudes towards economic reform, his former comrades may consider him to be one. Do you know who said that? None other than Labor hero Paul Keating, who used those words in a speech as Prime Minister in 1995. He used those words in defence of the HECS system, a system that required students once they earned over a certain threshold to pay back some of the cost of their university education. Who introduced that system? Bob Hawke, Labor's most successful ever prime minister. I do not mind saying that. The same Paul Keating was his Treasurer.
It simply astounds me that, given a choice between the Whitlam-Rudd-Gillard approach of spending massively, running up huge debts and ending in electoral disaster and the Hawke model of market driven economic reforms that delivered a record string of unbroken electoral victories to the Labor Party, those opposite tend toward the first approach and not the latter. I do not mind, of course; I am more than happy for Labor to remain safely ensconced on the opposition benches, where their damage is restricted. But I do find it curious.

I could also at this point invoke another name that is sacred to those opposite when it comes to education policy: that of David Gonski. This is from The Australian newspaper on 2 September this year:

THE architect of the former Labor government’s education reforms has backed the Abbott government’s plan to deregulate higher education fees, claiming it will free up funds to make universities "even greater"...

David Gonski, chancellor of the University of NSW and one of the nation’s most respected businessmen, also called on the Labor opposition to stop playing politics in the Senate and back the government’s budget reforms...

I will move to the substance of the reforms that we are debating this morning in the Senate. They set Australia's higher education sector up to compete on a global scale.

Education, as is well known to many of us, is Australia's third largest export. If we want to keep it that way and, indeed, grow that export potential, we have to act now because this government inherited a dire situation from its predecessors not only in terms of the budget but also in terms of higher education. Labor are very fond of talking about higher education and how it is in their DNA. There is a saying that you always hurt the ones you love; and if that statement is true then, yes, the Rudd-Gillard government truly loved our university sector. Under the former government international student enrolments in Australia fell by 130 places—about 16 per cent. When you have a 16 per cent fall in your nation's third largest export, it is time to act. If those opposite are too cowardly to do so, that is for them to answer, for them to be accountable to.

I know some argue that Labor did reform the system, and it is true, but it is only partially true. Labor deregulated student numbers, removing the cap on the number of places, but they failed to deregulate the fees, and that is the important part of establishing a demand driven model. As Paul Kelly, no less, put in an excellent opinion piece he authored last August, Labor 'can cover their eyes, block their ears, shut their minds, but the problem won’t change. Labor made a cart but didn’t provide a horse.' I turn to the views of Mike Gallagher, who is Executive Director of the Group of Eight, our top tertiary institutions. He has said:

Unless there is reform we will continue to drift, we will fall behind the emerging universities of Asia and we will fall out of touch with the vital global centres of knowledge.

Mr Gallagher also said some pretty strong words for those who are trying to prevent these reforms from passing this Senate chamber. He said:

It is outrageous that they—
Labor and other senators—
have washed their hands of responsibility for the mess they created.

Universities Australia CEO Belinda Robinson has characterised the government's plan as a 'once-in-a-generation opportunity to shape an Australian higher education system that is
sustainable, affordable and equitable in serving the best interests of students and the nation. She also says that failing to act now 'will condemn Australia's great university system to inevitable decline, threaten our international reputation and make it increasingly difficult for universities to meet the quality expectations of our students.' Yet, bizarrely, the self-proclaimed great friends of education opposite want to sit on their hands and do nothing.

I turn to my own state of Western Australia—indeed, your own state of Western Australia, Mr Acting Deputy President Sterle. I draw people's attention and the attention of all senators in this place to an excellent opinion piece that was published in the Australian Financial Review recently by Professor Alec Cameron, the Deputy Vice-Chancellor of the University of Western Australia. Professor Cameron's article is a refreshing antidote to some of the more hysterical claims that have emerged from those opposite about these education reforms. He points out one group of Australians who stand to benefit most from these reforms are students from rural and regional areas, particularly in Western Australia. UWA, the university that I attended for my undergraduate courses, has thoroughly examined the matter and found that students who live outside the Perth metropolitan region are at a distinct disadvantage in terms of accessing tertiary education.

Regional and remote areas within WA account for almost 20 per cent of the state's population of 15- to 19-year-olds, yet only 12.4 per cent of commencing university students come from these areas. That means rural and remote students are only getting to university at 60 per cent of the rate of students from metropolitan Perth. It is not as though students in rural and remote areas are not performing academically; in fact, they receive offers of university placements at rates comparable to their urban counterparts, but they do not accept them at anywhere near the same rate. Even more interesting was this fact: around half of those who do accept an offer immediately defer their place in order to spend a year working to satisfy the financial independence requirements to obtain a higher level of Austudy or to qualify for other financial support mechanisms available to students.

Of course, many end up remaining in work and having formed various social connections while becoming accustomed to working lifestyles, never then actually taking up those deferred places. That is a problem; it needs to be addressed. None of this will be news, I realise, but I think that one of the tragedies of the stubborn refusal of those opposite to support these reforms is the loss of opportunities to rural students. It is far easier for university students who can remain living at home in suburban Perth to attend our universities. Those who come from rural and remote communities are faced with meeting a typical cost of living away from home of around $20,000 per year. One of the provisions contained within the legislation we are now discussing is the requirement to provide scholarships for disadvantaged students.

As I have just outlined, students from regional and remote parts of Western Australia are at a distinct disadvantage. These scholarships can actually be used to help students from rural areas to meet the cost of living away from home. Certainly that is the view of the University of Western Australia, based on Professor Alec Cameron's article. This has the potential to be the largest scholarship scheme in Australian history for assisting disadvantaged students, yet the alleged 'party of education', the party opposite, will not support it. These reforms do not alter the fundamental of Australia's higher education system. No student will have to pay a single dollar up-front for the cost of their degrees as a result of these reforms. HELP remains...
in place and no-one pays anything back until they are earning over $50,000 per year. It remains a matter of considerable irony to me that the only fees students are forced to pay up-front at university are compulsory student union fees, which the Howard government abolished when it was in office and which Labor and the Greens rushed to introduce as soon as they got back into office. Nothing demonstrates more the hypocrisy of those opposite than that they talk about higher education fees but are silent on compulsory student union fees or student amenity fees, as they are called in some places. So much for their claims about making life easier for university students.

There are other voices in our community highlighting the benefit of these reforms for university students. The Vice-Chancellor of the Australian National University, Professor Ian Young, addressed the National Press Club on these reforms saying:

It would be a great tragedy for our nation, for our universities, for our future generations, if our senators pass up this opportunity …

Professor Steven Schwartz, Executive Director of the Council for the Humanities, Arts and Social Sciences, whose annual awards dinner I attended recently in Melbourne, had this to say on The Conversation website:

As I travel around the nation, it pains me to find much wringing of hands and gnashing of teeth in the senior common rooms of our universities. The academic union reports that morale has never been lower. What is the cause of all this angst? Deregulation of tuition fees.

According to the received wisdom, deregulated fees will create a crisis for the arts and humanities. Driven by the fear of large debts, students will abandon English, philosophy and art for accounting, forensic science and sports management. English departments will disappear and history departments will themselves be history.

This would all be pretty terrifying except for one fact. The humanities have supposedly been dying for decades. Curiously, the long slow death of the humanities seems to have little to do with the facts.

Last year, one in three Australian graduates received a degree in the creative arts, society and culture. (This is the government-approved title for the humanities and social sciences.) These enrolments increased 5% over the preceding year and 29% of all doctoral degrees awarded last year were in humanities, arts and social sciences.

Like most of the scare campaigns run by those opposite, I confidently predict that none of the predictions of doom in our tertiary education system will come to anything.

The other aspect of these reforms that I find particularly exciting is the expansion of the HECS system for the first time ever to include diplomas, advanced diplomas and the trades. That means that for the first time you will not need to pay a single dollar up-front to obtain a diploma or an advanced diploma. Now that is important because for many great young Australians, particularly those who come from disadvantaged or challenging backgrounds, a diploma is often an entry point into the world of higher education. I am proud to be a member of a government that has said that if a HELP-style scheme is good enough for university students, it is also good enough for those who want to pursue a trade so that people can get a $20,000 loan up-front and you do not have to repay a cent until you earn over $50,000. I think this contrasts drastically with the increasingly—if I may say—snobbish attitude of some of those who seem to think that a certain type of education is better than others. Our society needs plumbers, builders and carpenters every bit as much as it needs lawyers, doctors and
architects. It is high time we afforded those pursuing vocational education the same opportunities as those pursuing university degrees.

We know that boosting this nation's research capacity is crucial to our economic development. These reforms will help Australia ensure we safeguard a strong, competitive research system. Again, it is curious that, when Labor was last in office, they left a situation where no funding was put aside for the National Collaborative Research Infrastructure Strategy beyond 30 June next year, nor did they provide a single dollar for the Future Fellowships program that supports mid-career researchers to undertake world-class research in Australia. In contrast, this government, the coalition government, is committing to invest $11 billion over four years in research in Australian universities. Included in that is $139 million for the Future Fellowships scheme and $150 million in 2015-16 to continue the National Collaborative Research Infrastructure Strategy.

Labor can talk all they like about their commitment to education, but their neglect of both the Future Fellowships program and the National Collaborative Research Infrastructure Strategy is another demonstration—as if it were needed—that the Labor Party is all talk and no action.

I began my contribution with some wise words from respected Labor figures past, so I think it is only fitting that, in conclusion, I offer some words on this matter from Labor figures present. One Labor figure in particular is not only a member of this present parliament but is in fact a member of the opposition's front bench. The shadow Assistant Treasurer and the member for Fraser in the other place, in a 2004 book entitled Imagining Australia: Ideas for our Future wrote that our universities should be:

... free to set student fees according to the market value of their degrees ... Universities will have a strong incentive to compete on price and quality ... What?—I hear you say. That is right. The Labor member for Fraser said universities should be:

... free to set student fees according to the market value of their degrees ... Universities will have a strong incentive to compete on price and quality ...

It is no accident that most politicians write their books after they have been in parliament. He goes on to say:

Much-needed additional funding will be available to universities that capitalise on their strengths and develop compelling educational offerings. The result will be a better-funded, more dynamic and competitive education sector.

Get this! The Labor member for Fraser, who sits in the House of Representatives today, has said the result will be 'a better-funded, more dynamic and competitive education sector'. Those are wise words from the member for Fraser, who is one of the genuine thinkers—I don't mind saying that—on the other side of the parliament. Of course he also supported the introduction of a price signal for medical services with a GP co-payment, but that is for another time—this afternoon, I suspect.

However, the Member for Fraser and the Minister for Education are both correct. The reforms proposed in this legislation will create a more dynamic and competitive tertiary education sector. More than that, they will create a more diverse and equitable sector,
particularly for students wishing to study diplomas or advanced diplomas, as well as those from remote and regional communities. *(Time expired)*

**Senator URQUHART** (Tasmania—Deputy Opposition Whip in the Senate) (11:16): I rise to voice my serious opposition to the Higher Education and Research Reform Amendment Bill 2014. On *Insiders* on 1 September 2013, the now Prime Minister Tony Abbott, said to Australians:

I want to give people this absolute assurance: no cuts to education.

In the final hours of the election campaign Mr Abbott again cemented this message with his now infamous words, which promised:

No cuts to education, no cuts to health, no changes to pensions, no changes to the GST, and no cuts to the ABC or SBS.

However, Mr Abbott has already told the people of Australia that we cannot trust his words, and that instead: 'The statements that need to be taken absolutely as gospel truth are those carefully prepared, scripted remarks.'

In the area of higher education we are lucky because the Liberals also put their promises in print. In fact the Liberals 'Real Solutions' brochure states:

We will ensure the continuation of the current arrangements of university funding.

So it now seems that, not only can't we trust what our Prime Minister says, we also cannot trust the finely-honed, focus-group-tested, glossily-printed brochures of the Liberal Party either.

This is a very sorry state of affairs indeed and it poses serious concerns for the state of our democracy. It shows complete contempt for both the Australian people and for some of the most fundamental responsibilities of government. It was also particularly hypocritical coming from the man who assured Australians that under Abbott Australia would get:

... a no surprises, no excuses government, because you are sick of nasty surprises and lame excuses from people that you have trusted with your future.

Touche, Mr Abbott, touche! I am sure that all those young Australians who are starting to feel a university education might soon be out of reach would love to remind our Prime Minister of this particular pre-election promise. Although in the area of education it really should not surprise us that one of the first actions of this government has been to set out on a radical and regressive agenda of cuts and deregulation.

We should have remembered—and many of us did—the appalling form of the previous Howard government. Mr. Howard's first act on higher education was to cut the budget by five per cent. Per capita funding fell by nine per cent from 1995 to 2005. In the same period of time, direct public payments to universities saw no real growth.

When Labor returned to power in 2007, higher education was in a parlous state. During Labor's term in government, we committed to proper indexation of university funding, which meant that universities were $3 billion better off than they would have been under Howard's models. We also uncapped the number of Commonwealth supported places. This meant there were an extra 190,000 students on campuses across the country. Equality of access also improved, with Indigenous student numbers jumping by 26 per cent, and there was an increase in the number of students from low-income families of 36,000.
Labor is committed to quality higher education and to providing all Australians with the opportunity to get a degree. We know that an educated Australia lifts us all up. We also know that, if we really want to invest in our people, access to education cannot be determined by the depth of your pockets and the quality of education cannot be impacted by the distance you are from the capital city GPO. Make no mistake, this is deeply flawed legislation that will greatly increase the cost of higher education and shift the burden back on to students.

The bill before us today sets about creating a two-tier university system, which gives universities carte blanche to charge exorbitant fees. It will lead to $100,000 degrees that will burden individuals and their families for decades after their graduation ceremonies. Modelling by the National Tertiary Education Union found there will be an increase of at least 33 per cent in university fees, to compensate for the enormous federal funding cuts.

In an email to students, University of Melbourne Vice-Chancellor, Glyn Davis, revealed that the real situation is even more dire, saying that fees might have to rise by as much as 61 per cent just to cover the impacts of this government's cuts. Renowned economist and architect of the HECS system, Professor Bruce Chapman, and his ANU colleague Dr Timothy Higgins, warned that some universities will go beyond cost-recovery in their fee schedules.

Many have likened the impacts of this debt burden to taking on a second mortgage. This is a good analogy, but the situation is actually more serious. Students will have to sign up for a potentially lifelong debt before they know what they will earn in future years—and before they can determine their capacity to pay it back. For many it will be a gamble not worth taking.

There will inevitably be a trend of Australians opting out of higher education because it will not be a worthwhile investment. We are already starting to see evidence that this is exactly what is happening. At a recent Senate estimates, Department of Education officials revealed that early figures show university applications for 2015 have dropped a significant 2.9 per cent from last year. In many professions, the risk will outweigh the potential returns of the education. It is clear that the government's extreme attack on our higher education system could lead to serious skill shortages in some of the most necessary professions in the country. Key areas like teaching and nursing will struggle to attract the number of students that Australia needs. Massive debts coupled with modest future salaries would render certain career paths financially unviable.

The Australian Medical Association has warned that the changes could see the cost of a medical degree skyrocketing to $250,000 or more. This does not even factor in the impacts of a rapidly compounding interest rate charged at higher level. This could also lead to a shortage of general practitioners as students make the final decision to move into more lucrative areas like plastic surgery.

Similarly, with an average salary of $77,000, veterinary students could be left with unsustainable debts. The Australian Veterinary Association President, Dr Julia Nicholls, has warned that even if the interest rate is not hiked, vet students are likely to take around 30 years to pay off their student debt—repayments that would total well over $200,000. Likewise, the Australian Nurses and Midwifery Association has warned that Australian nurses would be 'chained to HECS fees for life' and 'forced to work into their 70s just to pay off their debt'.

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**CHAMBER**
So we can see how prospective students will be turned off studying particular degrees if the returns are low or repayment is unlikely. But for many thousands of Australians, the entire idea of tertiary education will be dismissed as being unfeasible. People from poorer families who are not able to call on their family for financial support will be particularly affected.

Professor Bruce Chapman's modelling suggests that poor graduates will pay 30 per cent more than those who are richer due to the proposed interest-rate. Women will also be unfairly hit as their debt will continue to balloon at real interest rates while they take time out of work to rear their families. A report from the Melbourne Institute of Applied Economic and Social Research confirms this. It predicts the HECS repayment time will double and up to 40 per cent of women will never repay the debt in full. This is simply unacceptable.

At the same time, regional universities will struggle to make ends meet as they try desperately to recoup the massive cuts to their budgets by raising fees but will quickly hit the ceiling in what the local community is able to pay. I am particularly concerned that Tasmania's economic future will be at risk if these are considered cuts go ahead. The university of Tasmania is slated to take a $113-million hit to funding over the next four years. Also at risk is the $1.7 billion that the University of Tasmania contributes to Tasmania’s economy each year along with local employment and business confidence.

Recently I hosted the Leader of the Opposition, Bill Shorten, when he visited Tasmania to see the potential impacts of the government's cruel policies of the north-west coast. In Burnie we visited the University of Tasmania Cradle Coast campus and met with staff and students. Staff told us that the university's preparation program helped attract the first person in a family to take on higher education. Many of these were women and mature age students. However, cuts to the university will undoubtedly impact on this program and on the university's strong scientific research focus. Students told the Leader of the Opposition that the government's proposed higher education reforms could see the Cradle Coast campus close or be forced to reduce study options. Mr Shorten also heard that people from the north-west and west coast of Tasmania would not be able to afford to take on the huge level of debt that this government is so keen to burden them with. These are the concerns of the students at this campus. Thirty-one per cent of University of Tasmania's students come from low socioeconomic backgrounds. This is the third highest rate in Australia and nearly double the national figure. In the north of the state there is an even higher proportion of students from poor families going to university.

Recently, I received a letter from the Launceston City Council raising serious concerns about the future of University of Tasmania's Launceston campus as a result of the government's higher education plans. There is no doubt that if this legislation passes, regional Australia will be amongst the biggest losers. Tasmanians cannot afford $100,000-degrees and we simply cannot create a situation that discourages further education. But the truth is that the entire country will be poorer as we are denied the contribution of thousands of smart minds who will have to make the difficult choice to forego tertiary study—and all this at a time when Australia desperately needs to harness our intellectual capital to transition our economy. We can only do this by investing in education so we are ready and able to take our place in the global knowledge economy.

As I mentioned earlier, there were no signs that anything as sinister as this bill was on the minds of those now in government before the election. Nor was the community ever invited to
have input into this ill considered plan. Indeed, the complete opposite has occurred. There was no green paper, no white paper and no exposure draft legislation for discussion. HECS architect Professor Bruce Chapman and his colleague Dr Timothy Higgins have raised serious concerns about:

…the apparent haste and seeming lack of expert consideration of the many complex and potentially inequitable outcomes implicit in the suggested radical free deregulation agenda that makes up the Commonwealth's plans.

The obvious question now is: why is the government so determined to proceed with this bad policy when the devastating impacts are well documented? It will be devastating to students, devastating to communities and devastating to our economy. Mr Pyne has trawled out a number of flimsy excuses for this radical plan. The first excuse uses the tried and true conservative tactic of fear mongering. Mr Pyne has tried to scare us into believing that our universities are lagging so badly behind global standards that they will no longer be able to provide quality education, and billions of dollars in income from overseas students will dry up. For an Australian education minister to be talking down a world-class university system is completely inappropriate—not only that but it is factually wrong. The reality is that Australia’s higher education system is remarkably competitive.

Despite our relatively small population we have secured an international reputation for high-quality, innovative and highly internationalised universities. In 2014 Australia was placed ninth in Universitas 21’s ranking of national higher education systems across the globe. There were no Asian countries ahead of Australia in this ranking, despite Mr Pyne’s claim. This year, in the Shanghai ranking, we had four universities in the global top 100 and 19 in the top 500. This is a great improvement on 2004, when just two universities made the top 100 and only 14 were in the top 500 list. While it is true that Chinese institutions are improving their global reputation, there are still no Chinese universities in the top 100. It is not surprising that a recent ABC Fact Check found Mr Pyne’s politically-motivated claims of decline in our university sector are ‘far-fetched’. But even if we were to accept that the system is deteriorating, there is absolutely nothing to suggest that the measures before us today will improve the situation. Surely, dropping standards are actually evidence of the need for greater investment in education, not callous cuts?

Another argument that Mr Pyne has put forward to justify this regressive legislation is that Australia should be looking to emulate what is happening in America, saying ‘We have much to learn from our friends in the United States.’ This is a very curious position to take, particularly when you consider the massive debt burden and lack of equity in access that typifies higher education in America. In fact, American student debt adds up to $1.2 trillion, with more than 7 million people in default. While 79 per cent of students born in the top income quartile in the US get bachelor's degrees only 11 per cent of students from bottom quartile families graduate, and millions are foregoing university education as the fees spike well beyond what is financially viable. These are staggering figures indeed. The situation is so bad and so unfair that a group of academics have diagnosed a crisis of justice in United States higher education access in a recent paper.

When describing the US system, economist John Quiggin has said that it:
... does a great job for the 1 per cent who go to the Ivy League Schools (and whose parents are mostly in or close to the top 1 per cent of the income distribution), does an adequate but expensive job for the next 20 per cent or so, and leaves everyone else in the lurch.

There is absolutely no evidence that deregulation of the American university system has led to anything but decreased access, massive debt burdens and enormous equity problems.

The University of Canberra's Vice-Chancellor, Professor Stephen Parker, got it right in the *Canberra Times*, where he wrote that the proposed Australian legislation:

... spells disaster for students and the country.

He pointed out that the measures might benefit a few elite universities but that they would damage the university system as a whole.

Nobel prize-winning economist, Joseph Stiglitz, went further, referring to these changes as 'a crime', and saying:

While we in the US are trying to re-regulate universities, you are talking about deregulating them.

There is always room for improvement in every system, but making Australian universities more expensive and less accessible is not the answer.

The third argument that Mr Pyne has been trotting out relates to the wider stories the government is trying to drive about the so-called 'lifters' and 'leaners'. Mr Pyne has been insinuating in a very divisive manner that university students are somehow unfairly taking from other taxpayers who choose not to go to university. Mr Pyne outlined the argument on *Lateline* in May, where he said:

... less than 40 per cent of the population have a university degree, so more than 60 per cent of the Australian public are paying 60 per cent of the costs of students to go to uni and those students will get a huge personal benefit.

Pitting Australians against each other in order to breed resentment and division is one of the lowest political tactics, but it is, sadly, one those opposite have been using a lot.

Putting that aside, it is a totally spurious argument which denies the reality that investment in education reaps rewards for the whole nation, not just the individual who gets the degree.

In fact, recent OECD data pours a big jug of cold water all over Mr Pyne's assertions. This data, which was analysed by Fairfax, shows that the public rate of return from tertiary education in Australia is almost twice the rate of return that the individual who undertakes the study receives. It proves that it is the Australian public that benefits most from higher education, not individuals.

The data shows that Australia ranks second out of 29 OECD countries in providing the biggest benefit to society from an individual's education. So not only is the government's plan unfair; it is also economically reckless. We know that higher education is critically important, not only to our knowledge and skills base but also to national productivity and international competitiveness. We also know that if we are to maintain our strong wages and high standard of living, we need to actively drive the structural transition to a knowledge economy. Measures that discourage university entrance and lock people out of the university market based on their gender or family income will do precisely the opposite.

This bill is inherently unfair, will lock millions out of higher education, create massive skills shortages in vital professions and stifle Australia's transition to a knowledge economy. 

*(Time expired)*
Senator WHISH-WILSON (Tasmania) (11:36): I rise to speak today on the Higher Education and Research Reform Amendment Bill 2014 as a senator in this chamber who had a free university education, and as a senator for the Greens Party, which feels strongly that we need a fairer and more equitable society in this country and that education is an investment in our people. It is a public good and, of course, governments have a very important role in the provision of public goods.

I also rise to speak on this bill as a Tasmanian senator and as someone who has worked for a decade at the University of Tasmania. I have some very strong views, not just on the role and importance of the university to Tasmania, the Tasmania people and the Tasmanian economy but also on the future of the university and what is required to really lift the university's profile.

I fundamentally oppose this bill on a very simple platform—it was not raised before the last federal election as a key policy of the coalition. I remember listening to the Governor-General's speech in this chamber on the first day of the new parliament, and I listened very carefully to the speech of the Treasurer, Joe Hockey, bringing down his first budget. It became very clear to me that the government said it was going to redefine the role of government in the Australian people's lives. There was a lot of talk about far-reaching reform and that this government would be remembered not just for things such as free trade deals but also for its significant reforms. Following the sad passing of ex-Prime Minister Gough Whitlam I talked to my children about the legacy of that man, and the Labor Party, during the 1970s and why it is so unusual that one political figure, who was in government for only three or four years, can be remembered as having left such a significant legacy. Yes he was revolutionary, but the reforms he proposed were giving something to the Australian people—such as free education and free health care. The reforms this government are proposing, whether they be in health care, with the GP co-payment, or deregulating university, are about taking things away from the Australian people. As my colleague Senator Rhiannon has so eloquently put it, this bill is not about improving higher education in Australia—it is about a $5 billion budget saving. The amendments that we will be debating will likely see Mr Pyne look for cuts elsewhere.

Let us be very clear: this was not raised as a key election issue that the coalition campaigned on to get elected. It followed a number of studies commissioned by the government releasing messages that of course they wanted, and those studies have now been acted upon. It is so significant and so far-reaching a measure that the Australian public should have got the detail before the last election. You could say it is deceptive and it is dishonest, and it is something that I believe would have influenced the outcome of the last election. My feeling, having gone to the first estimates hearings after the announcement of this higher education deregulation policy, was that this had not been planned for very long. I got the distinct impression, as I am sure everyone else got at that estimates, that the department was very much grappling with something they had not been given very much time to look at. It was in chaos and disarray. There has been more time to go out and sell this package, and we know that since Mr Pyne and his department have gone out to talk to vice-chancellors and universities there have been a number of suggested amendments and compromises, but let us be very clear: no election campaign, no information for the public and it was sprung upon the department. It is hardly something we should be rushing, and opposing this bill is absolutely
fundamental to who the Greens are. We do, as a party, believe that higher education—
education—is a public good that all Australians should have access to and it should not be
about the amount of money a person has; it should be about providing fair and equal
opportunities for everyone. I myself had that opportunity—I did not pay for my undergraduate
degree; it was free. It may be an alien concept to students now that higher education in this
country can be free, but a number of generations of Australians did get free higher education
thanks to the reforms set in place by Gough Whitlam. I must say I did pay HECS on my
postgraduate degree, and on my studies in viticulture, but what we are looking at here is a
fundamental rewriting of higher education in this country.

As a Tasmanian senator I would like to say that not only is my university, the University of
Tasmania, very vulnerable to the risks posed by this deregulation—probably singularly
vulnerable, as are a number of other rural universities—but Tasmania's society and its people
are vulnerable to the risks of this deregulation. I will talk about that in a minute. The
university is the second-biggest employer in my state and its growth is totally synchronised
with the growth of the economy, not just in key areas such as, as we have often discussed in
the chamber, scientific research at IMAS and at the climate institute down in Hobart but also
in the two other regional campuses in Launceston, where I happen to be based, and in Burnie.
I worked for the university for nearly a decade and I recently spoke about the 100-year
commemoration of the first economics lecturer at the university. I am grateful for my time
there and for meeting the people that I met. I had the chance to do some research and do some
teaching in areas of significant passion for me.

What I know, and I suppose not many people in this chamber do know this, is that the
University of Tasmania in the last four years has been going through a significant
restructuring. This was put in place by the new vice-chancellor, Professor Peter Rathjen, who
I happen to have a lot of time for. He began a process of what was called academic
reprofiling. The university was cutting costs, putting in place voluntary redundancies and non-
voluntary redundancies, efficiency dividends and a number of other cost saving measures to
raise money for a war chest—a war chest to go out and hire in key areas some of the best
academics in their fields. The target under this academic reprofiling campaign was for 50 new
world-leading researchers—not necessarily teachers, but researchers.

I have to say, from my time at the university and the many friendships I still have with
those who have left—because many have left—and the time that I have enjoyed working with
the NTEU, the Tertiary Education Union in Tasmania, that it has been a very difficult time for
the university. It has been difficult from a morale perspective for those who are still there, it
has been difficult in terms of support services for academics and it has been difficult around
job uncertainty. I campaigned very hard, as did my other colleagues at the last federal
election, to get a 10 per cent increase in funding towards higher education in this country to
help out not just my university but other universities. The truth is that we actually need to
increase funding to universities, not to decrease it.

Getting back to the University of Tasmania, it has been going through this restructuring
process and morale in some departments is at rock bottom—and I have to say that I know that
at the northern campus that is the case, and I also understand that, given the large number of
cuts we have seen in climate change and marine research, a number of the other big
institutions are also feeling the pinch, if you will pardon the pun, down in Tasmania. May I
say that, out of the academic reprofiling campaign, with a target of 50 new academics, the university so far has got 20 after four years, and only 12 of those are professors. That does not mean that the other eight are not high-grade recruits; they are very important to the future of re-ranking the University of Tasmania. So they are less than halfway through their target of attracting these high-profile academics. The theory was that you get these world-class researchers in, with big names, and you start getting the ratings that you need to become a tier 1 university. It was a very brave and ambitious campaign put in place by the vice-chancellor, Peter Rathjen, and his team. They are now facing the concept of university deregulation, a cut in funding and raising fees, with the significant pressure that is going to continue to put on the University of Tasmania, on top of four years of hardship already in trying to restructure this institution. It is going to be very difficult to manage.

To his credit, Professor Rathjen was quick out of the blocks on the back of this higher education package, saying that the university would have to find at least another $31 million a year in funding. I want to stress again that they have cut a lot out of the university already. Good academics have no support staff anymore in some departments; they have to do everything themselves. Of course, these types of things inevitably feed through to the quality of education.

The university is on an island. One of the theories with this higher education package is that competition from non-university providers was going to be essential to raising overall education levels. Well, guess what: in Tasmania we have only two—out of 150 around the country—registered non-university providers at the moment, and I am not downplaying their significance, but they are seminaries; they teach priests. So they are hardly going to be competition for the University of Tasmania.

If we are talking about the importance of lifting overall education standards, let's not beat around the bush here: Tasmania needs to lift its higher education standards, as it does its secondary education standards. But you see the flow-on effect here, the chain of events, where students are battling—or should I say the education system and the state are battling to keep secondary school students in school? Their retention rates are the lowest in the country, and suddenly you make life a whole lot harder for students contemplating doing the extra two years, getting their high school graduation diploma and then going on to university.

Suppose you were a student and you were sitting back making this decision—and let's be honest: Tasmania has a larger number of lower socioeconomic areas than other places around the country, and we have a very low retention rate in higher education. If you were trying to encourage and incentivise students to do their final two years and go on to improve their lives and invest in their own education, why would you make it harder for them? Why would you increase the amount of money they have to spend on loans into the future to pay for their degrees? It is potentially hundreds of thousands of dollars, plus the fees they have to pay for their degrees, plus the probability—which is very real in this day and age, because it is a dog-eat-dog world that we live in, and I had absolutely no qualms in telling my students this when I taught them—that, unless they do really well at university, they are still going to struggle to find a good job, not just in Tassie but everywhere. You add this layer that suddenly, if they are unemployed and they are under 30—so they get a job and they lose it, which is a very high possibility—then they have no income support either. So not only have they invested in their future career by spending years studying with no income, building huge debts, but you
then add the axe hanging above their head that, if they are to lose their first job, they are not going to get any support from the state. So all these things compound and add to uncertainty in the minds of students, young people—let’s face it—who, while they have the world at their feet, also have so many of the stresses and anxieties of how they are going to cope and survive, what they are going to do and what choices they are going to make with their lives.

So to me this is pretty simple. We have a state that urgently needs incentives to get children into higher education; we have a university that is restructuring and desperately seeking a new direction being hit with another restructuring through this higher education package; and we have a state that is highly vulnerable to a failure at the University of Tasmania, given the flow-on effects of it being the second biggest employer in the state. But I know from my own work that I have done with the Greens for our Tasmania 2030 document that we are the only political party that has put together a 20-year plan for growing the Tasmanian economy, and university is one of the central planks in that. Not just in my home city of Launceston but in Burnie in the north-west and in Hobart, university has so much potential to offer so much more to Tasmania. This is another reason that Tasmania is so vulnerable.

It is written in every academic’s contract at the University of Tasmania that they have a community service obligation. We have three campuses in a small state for this reason, because the university is a critical part of the community. Each academic performs a whole range of functions, which I did myself: going and talking at schools; attending public forums and all sorts of events; and working closely with community groups and social organisations. They do not get paid for this. This is what university is. It is written in the charter of the university. There are high-cost campuses that are subsidised by what we call the stars or milking cow campuses in places like Hobart. There is no doubt that the northern campuses are high cost, but remember that that was the way in which the university was set up. It was set up because it plays such an important role in the community.

I think we are faced with a very grave situation, if the crossbenchers in here were to buckle and vote for this deregulation package. Let us start with the fact that this is deceptive. It was never campaigned on at the last federal election. For something supposedly so revolutionary and good for us, you would think that Mr Pyne and Mr Abbott would have been champing at the bit to get out at the last election and campaign on this and how much money they are going to save in the budget. There is a reason they did not. Their so-called vision for this country is finding cost savings for a budget—who cares about people, fairness, equity and the anxieties of our young people?

Senator Back, I have heard you talk in here before—through you, Mr Acting Deputy President—and I understand your free-market arguments about education being a private good, but remember that, if we invest in our future, in our kids and even in higher education for older Australians and they go on to earn more money—which they do; the statistics tell us that—then that is more tax revenue for the government. The government earns a return on its investment in spades. Not only do we get a good outcome for people in this country that helps drive innovation and investment in so many areas right across our economy but the government gets it back in revenue, which it can reallocate to future generations of Australians. The US model for higher education service providers of charging high fees is not the way to go; that is not Australia. We should be different. We should be proud of the fact that education has been affordable in this country for generations. I am proud of the fact that I
was able to get a free education that has given me all the things that I need to go ahead with my life, and I would like to see all Australians have that opportunity. What we are debating here is absolutely critical not just to my state but to the entire country. The best thing that the crossbenchers can do for the nearly one million university students across this country, for future students, the future leaders of Australia, and for the staff at these universities and their families is to vote down this bill and start a conversation about how to build up higher education in Australia and not rip it apart.

Senator BACK (Western Australia) (11:56): In the words of a recently departed Prime Minister, it's time. It's time that this Australian Senate acted in the role that we are elected and placed here to do, and it's time that this Senate passed the Higher Education and Research Reform Amendment Bill 2014. I intend to spend the next few minutes arguing that case.

Senator Whish-Wilson, a person for whom I have a lot of regard and respect, a person with a sound economic and commercial background, knows very well—as, indeed, does Ms Cate Blanchett, who spoke at Gough Whitlam's memorial service—that they did not receive a free university education at all; they received an education paid for by the Australian taxpayer. It took the Hawke-Keating-Dawkins government to realise the stupidity of the so-called free education and once again to introduce a circumstance in which there was a shared cost between Australian taxpayers, students and their families with regard to university and higher education. Today, in this country, the taxpayer is paying 60 per cent of the cost of education in higher education, but they are actually paying more than that simply because the HECS—the Higher Education Contribution Scheme—at the moment is funded for students at a rate below the bond rate, the bond rate being the rate at which the government borrows. Who do you think actually pays the difference? It is the Australian taxpayer. We have a multibillion-dollar unpaid HECS liability. Who do you think pays the interest on that liability? The Australian taxpayer. It is time to become more reasonable.

We listened to Senator Urquhart for a few minutes going on about the costs associated with higher education and the way in which the coalition apparently is going to destroy circumstances as we know them. Let me remind the listening audience that the then Labor government were proposing to cut $6.6 billion from higher education, should they have remained in government, and indeed had already cut $2.2 billion of that $6.6 billion. Whilst every person in this chamber and this parliament obviously supports the needs of higher education and the opportunities for postsecondary and higher education, including non-university education, we all know that, in today's world, there are going to be cuts in funding.

Why do I say it's time? There are two reasons. Firstly, in a recent survey, 56 per cent of the Australian community supported the deregulation of university fees as opposed to eight per cent who strongly opposed it. Secondly, to whom do you go when you need to ask the question associated with the sorts of changes that are proposed in the legislation? Surely the parties best equipped to advise the community, to advise the parliament and particularly to advise the Senate would be those with responsibility—the university vice-chancellors and the directors of the non-university education sector.

But I want to start my quotation, if I may, with the words of the shadow Assistant Treasurer, Dr Andrew Leigh, who commented:

Australian universities should be free to set student fees according to the market value of their degrees.
He said:
A deregulated or market-based HECS will make the student-contribution system fairer, because the fees students pay will more closely approximate the value they receive through future earnings.
That is the shadow Assistant Treasurer of this parliament making the argument for the coalition, and I believe the crossbench senators need to take careful note.

But if we take the chair of Regional Universities Network, Professor Lee, he said:
… that the deregulation of student fees was the only way that the sector could maintain quality and access and remain internationally competitive, as significant, additional funding is unlikely, irrespective of political party composition …
Let us be logical in this argument. The Vice-Chancellor of the University of WA, which is in my home state, Professor Paul Johnson stated only two months ago:
The status quo is not feasible as it will over time erode the quality of our education and research activities—not a good position to be in when our nearest Asian competitors are investing so heavily in these areas.

What do we all want? We want a system that is accessible. We want a system into which students can come paying no fees. We want a system in which those who are not ready to transition from school to university can actually benefit from the sorts of assistance, the HECS-type schemes, for sub-university programs—diplomas and others. From my own 13 years as an academic in regional and rural universities in this country, and teaching at the University of California and as a visiting professor at the University of Kentucky, I know there are many young people who are not yet ready for a university degree. But what the coalition is proposing is a scheme whereby up to 80,000 students each year will be provided with the opportunity of participating in non-university higher education courses, in many instances on their way to transition to degrees and even further beyond. That is the excellence of the proposal in this higher education bill as proposed by Mr Pyne.

Mr Shorten knows very well—and I wish he and Senator Carr would stop their nonsense about the 'Americanisation' of the courses. Firstly, there is no HECS in the United States of America. Secondly, those state-based schemes will often charge interest: they will charge interest at levels three or four times their own borrowing rate and they will require repayment the day the new graduate starts work. The circumstance here in Australia? No fee upfront; no debt initially; no repayment until a graduate is earning $50,000 or more, and even then only four per cent repayment; $100,000 of income repaying eight per cent. What sort of a deal is that?

If we do need to adjust the level of HECS post-graduation, let us talk about that in this chamber. But let us remember the people of Australia are saying to us that this is not some high school debating club in which, at the end of the debate, we all go home and nobody is the better or the worse for the experience. This is the Senate of the Parliament of Australia. The decisions that we make impact heavily—on individuals, on families, on communities, on businesses, on governance—and the time is now past for us to be having the sort of high school debating discussions that we have at the moment. We have got decisions to make. We have got existing students and future students and their families considering what their options are. We must move to pass this legislation with or without amendment.
Some interesting comments as to why we are where we are. In addition to cutting $6.6 billion from higher education, as was the intention of the Labor government should they have continued, we have a circumstance in which the then government removed the cap on student numbers, encouraging the universities and others to increase dramatically the number of students, but of course there was no concurrent increase in funding. Therefore, if you have more participants and the same number of dollars, then quite obviously and logically what you have is a deterioration in the per student delivery of services. That is the point being made about the fact that if we make no changes, we are going to have the inevitable circumstance where the quality of education for our students will deteriorate. If we existed in a bubble, you would say, 'Does that matter very much?' We know very well we are in an intensely competitive environment in higher education not just for our own graduates working in Asia but also the value that international students provide to our education system by seeing this country as a desired and desirable place in which to get their degrees. Therefore, if we do nothing we will see a deterioration in standards. We cannot afford for that to happen.

We have also heard this business about $100,000 degrees. We know at the moment the qualification for which I was once a graduate, veterinary science, is already more than $100,000. It is a six-year course. Some engineering courses are already more than $100,000. Our colleague Senator Kim Carr gets up there and talks about $100,000 degrees, but you have the UWA vice-chancellor saying that the capping will be $16,000 a year. So a three-year degree times $16,000 equals $48,000. Where is the $100,000? A four-year agriculture degree: four times $16,000? It is $64,000. We have to get rid of this nonsense. It is the high school debating standard. We are the Senate of the Australian parliament. We are making decisions that impact on people's lives, and it is just no good to have these cheap shots—multiplying 16 by four and ending up with 100. Maybe Senator Carr needs to go back to primary school, if not to university?

I do want to, if I may, for a few moments devote my attention to the non-university higher education suppliers. In the inquiries that we have had the information provided to us was that some 10 cent of higher education students in this country are at the moment educated in the non-university higher education sector. What is interesting is because this group will be picked up under the umbrella of protection with this new legislation, far from courses increasing in fees, they will actually see fees come down.

Are these institutions intensely in competition with the universities? No, they are not. In many instances they provide the transition programs and the language programs so people who attend these institutions, particularly those coming in from overseas, such as migrants, who do not have high-quality English or the mathematical standards, subsequently go to the universities. A lot of programs are run jointly. They will see a reduction in their course fees, because at the moment these students and their families are electing to pay a higher fee than is being charged in the universities.

What was also interesting to me was that, whilst at the moment they do have access to the HELP scheme, for some reason, which nobody could explain to me, there is a 25 per cent levy on top of the HELP scheme or HECS for these students. So they already pay more, they are getting no support under Commonwealth supported programs and for the privilege of it they pay another 25 per cent HECS. Where is the equity in that? I absolutely do not know.
Nevertheless, this group will benefit enormously because they will be picked up under the legislation as proposed by Mr Pyne.

I want to reflect for a few minutes on the international scene. When fees increased substantially in the United Kingdom in the recent past, in the first year attendance by low-socioeconomic students went down. Do you know what happened from the second year on? They actually went back up and have now increased beyond those levels. Why? Because all of us recognise the inherent value of higher education to our careers and to our lives. It is probably the biggest long-term decision some of us will ever make.

There is a very good argument being mounted about repayment of HECS by many people who go out of the workforce and then come back into it and whose debt will continue to increase and there is also conversation about what actions can be taken to protect these people. I make two observations. The first is that people returning to work on a part-time basis—and there are many from my own profession; many young veterinarians and young doctors go out of full-time work to have a family or for some other purpose and return to work part time—never get to that trigger of $50,000 CPI linked so they are not repaying the debt.

The second point that needs to be made in this circumstance is that it is beholden on a student in making their decision as to which course they are going to participate in to have a look at the employability and the worthiness of that course for their own future earnings, their career, their progression and their job satisfaction. It is the case in this country that we are incredibly generous when it comes to providing the opportunity for postsecondary education, but I do not think anybody armed with the fact that at the moment the taxpayer is paying 60 per cent of a student's education—and with the proposed changes in the Pyne legislation it will drop to 50 per cent—would suggest that a student should just wander off and participate in some vocational course to satisfy their own interest levels when indeed there never was the capacity for a reasonable income to be earned from that pursuit and therefore expect the taxpayer to fund a second course that is going to stand them in good stead for employment.

I have a lot of sympathy for the comments that Senator Whish-Wilson made with regard to Tasmania. I had businesses in Tasmania. I employed 250 or 260 people in Tasmania in the 1990s. I remind Senator Whish-Wilson that the provisions contained in this legislation, which are going to allow over 80,000 students a year to be provided with financial support so that they can participate in advanced diploma courses, associate degree courses and sub-bachelor courses, will be of enormous value in my view to Tasmania and to Tasmanians. Therefore, I see this as being of benefit.

In fact, it is interesting when you reflect on what is expected of the Australian taxpayer. We speak of the government. The government of itself has no money at all; it only gets money from taxpayers and businesses and distributes it, and all too often it does not distribute it all that effectively or wisely. The Chancellor of UWA commented not very long ago, in the middle of this year:

I’m a bit bewildered to see left-wing students campaigning for lower fees on the basis that people who don’t go to university should be funding their education. What they’re saying is people who don’t go to universities—have never been to university and are not going to go to university—should through their taxation be funding university students who in due course earn higher incomes.
It is an interesting question as to the ethics and the logic of that circumstance.

I want to go back now to the people we should be listening to—the vice-chancellors. John Dewar and Glyn Davis, two eminent vice-chancellors of this country, made the comment:

… unless the policy settings change, universities … continue to grow only by taking market share from each other. This will not be good for institutions that sit lower in student preferences but play such a vital role in providing access, particularly in smaller communities.

They say:

… rejecting the package, as urged by some senators, provides no solutions for a sector that cannot operate on present public funding and has fewer options to supplement income.

Then there are other comments relating to higher fees, making the point that I made earlier—that is, there is no suggestion that there is going to be a complete and utter increase of hundreds of thousands of dollars. What we are introducing is competition. If three or four institutions offer an equivalent degree in physiotherapy—courses of equal value, of equal input academically—and if one of those institutions is providing that education at a lower fee, the students will vote with their feet. And those who are charging unreasonably high fees will fall out of the market.

Dr Spence from the University of Sydney will not say how much the fees are going to be. He simply says that, based on his modelling, he supports that $16,000 per year flat fee first proposed by UWA in the looking to provide an equity package. Time has not permitted me to reflect on the sorts of scholarships that will be available. They will be of enormous benefit to rural and regional universities.

In summary I ask, where will we find ourselves if this Senate does not grow up and start making the decisions for which we are paid? What are those who are opposed to this doing? They are condemning students of the future to a low-quality, overcrowded education; to a lack of competition for quality courses; and a tertiary education sector at risk of falling behind our international competitors. They will deny low socioeconomic students a place in the institutions that are best equipped to offer the courses that they want. This will be an enormous burden as university leaders have told us and as community sentiment has told us, and as the majority of the parliament has said.

Senator SINGH (Tasmania) (12:16): I also rise to contribute to this debate on Higher Education and Research Reform Amendment Bill 2014 and outline clearly why Labor will not vote for this piece of legislation and why we will stand with so many Australians opposed to these measures—not just Australian students but Australian academics and members of the broader community, who have clearly outlined their opposition to the government on these measures because they are, simply put, unfair. There are unfair to the students. They are unfair to Australia's higher education system.

Senator Back has done a miraculous job in gilding the lily in trying to outline the benefits for regional Australia of this package. This package does the exact opposite. It actually completely disadvantages regional Australian students when it comes to higher education. We have knowledge of that in my home state of Tasmania, which does have campuses in regional parts of the state which are now in jeopardy if this legislation is passed.

This package really stands in incredible contrast to the university legacy of the Whitlam government. I know we are not living in the days of the Whitlam university legacy now but
we certainly have not moved away from it to the extent that is proposed in this package. In fact, the policymakers who put forward this package lived under that legacy. They had that free education benefit and they know very well that it was about letting merit decide whether you went to university; it was not about how big your was your pay packet was or how big was your family's bank account.

That is why the Australian people have called this unfair package the Americanisation of our world-class university system. That is exactly what it seems to be to me—the Americanisation of the system. We know how it works in America. It is very much about how much a family can invest into certain universities to be able to get a seat within them, whereas here in Australia, where we have values of egalitarianism and a fair-go ethos, we have a higher education system that we can be proud of. It is based on equity and merit rather than income. I think that is a very pertinent way of describing this unfair package.

Australians opposed these things because they understand the value of our universities. They understand the value not just to themselves or to their children and grandchildren; they understand them in terms of the value of the research that is provided to our country and to our policymakers. They understand the broader value of universities to our community.

Many of us have degrees, as do members of our families—degrees that have prepared us for highly skilled work. One thing we know about jobs of the future is that we are continually going to need highly skilled workers. On this side of the chamber we value very much the role that universities play—not just in educating individuals but as contributors to the public good. But in this package the government proposes to deregulate university fees, cut course funding by an average of 20 per cent, if not more, and dramatically increase the interest charged on student loans.

So while the Minister for Education Christopher Pyne panders to the politics of envy—and in doing so pits payers of tax who were once students against students who pay tax—universities will have to raise their fees to make up the funding cuts and then raise them again to provide the revenue they deem necessary to keep them competitive. All the analysis highlights that. All the analysis—whether it is from the Group of Eight right down to the National Tertiary Education Union—agrees that fees will need to go up by around 30 per cent just to make up for the dramatic cuts that this government wants to place on our universities.

Let's have a look at those cuts. In total, the Abbott government's budget measures cut $5.8 billion from higher education teaching and learning and university research. The negative impact of that cut on funding for Commonwealth supported places is undisputed. Commonwealth supported places are an incredibly important part of a university structure—except, of course, in the minds of Christopher Pyne and Joe Hockey. Even the Prime Minister finally fessed up in front of the most powerful leaders in the world at the G20 not so long ago: … we have tried to deregulate higher education, universities—

he whinged. He then went on and said:

… and that's going to mean less central government spending and effectively more fees that students will have to pay.

He has said it himself. There is no point in Senator Back trying to gild the lily by saying that this is somehow going to be of benefit to regional students, or students anywhere, when it is
very clear from the Prime Minister himself that this is the deregulation of our higher education system and it is going to lead to higher fees for university students.

The University of Melbourne's Vice-Chancellor, Professor Glyn Davis, revealed that student fees will have to rise by up to 61 per cent. The University of Tasmania's Vice-Chancellor, Professor Peter Rathjen, stated:

Those subjects that we do not teach, the research that we do not conduct, or the social programs that we do not support are unlikely to be replaced easily by other providers. For some degrees, that figure of 60 per cent is incredibly high. That is not, of course, a problem for students who can afford that, for wealthier students. But it is a real problem for middle-class people, working people—the bulk of Australian students. It is a perfect outcome for a reactionary government that has forgotten its people, because that is clearly what this seems to be: a government that has forgotten its people. A government is supposed to govern for all people, not just for those that can afford certain things. A government is not supposed to cherry-pick certain areas—vested interests, one might say—and look after those and leave the rest. So I do not think that it is governing for all people. It does not seem to like certain people—some people who feel that the economy should be assisting them rather than them being slaves to the economy, is perhaps how it looks at it.

Swinburne University's Vice-Chancellor, Linda Kristjanson, dismissed this winner-takes-everything package in a message to Swinburne University staff on 27 May:

... deregulation will inevitably lead to much higher fees for our students ... Over time, full fee deregulation will lead to a higher education system characterised by the ‘haves’ and the ‘have-nots’. That puts what I was just saying pretty clearly. The haves, of course, are fine in this education package; the have-nots are not fine.

That is where I draw back to the Whitlam legacy, because that is where we had our university system opened up to the haves and the have-nots. It is where, for the first time, we saw university students from families where there had never been a student attend university before. Since that time, university has continued to be a part of so many families’ lives, with families having so much pride that their family member—a child, perhaps—was able to attend university because of that Whitlam policy change to higher education. Now it looks like we are going back to those dark old days, just like we are going back to the 1950s in so many policy areas, such as with the Prime Minister’s comment about coal being good for humanity. It is a very sad time in Australia’s history right now, to see the unwinding of so many good policy decisions and so much good legislation that has been put in place. I think the higher education system, starting right back from that Whitlam legacy, is certainly one of those.

I have to say that this seems like conservative ideology at its best. The top of page 1 of such an ideology, if there were such a book, would be, ‘Protect the powerful and the privileged.’ As long as the haves keep on having through reforms like this, as long as wealth is transferred from the poor to the rich through welfare cuts and tax cuts and as long as the Australian meritocracy is undermined, this government will keep claiming that black is white and that these changes will benefit students from low-socioeconomic backgrounds because they include the so-called Commonwealth scholarships.
Let's have a look at the Commonwealth scholarships. In the real world, how much money is the Commonwealth contributing to these scholarships? Absolutely none. How much money are all students contributing to these scholarships? All of it. These are not Commonwealth scholarships. They are citizens' scholarships—citizens' scholarships that will underwrite the privileged over the struggling. The elite sandstone universities will charge higher fees so they will have more money in their scholarship funds. Meanwhile, the local universities choose between raising fees for all so that they can offer scholarships for some or watching talented students being lured away to those big cities. The talented students themselves face a choice between a lifetime of debt and a lost opportunity.

Common sense dictates that the talented students from disadvantaged backgrounds will be deterred from seeking a degree. The fact is that a number of those, of course, will be women. Bank of America Merrill Lynch chief economist, Saul Eslake, has warned of the consequence of higher interest rates on student loans, particularly for women. Mr Eslake said the prospect of repaying university loans while raising a family may in fact deter women, while many other prospective students would weigh up the costs against the benefits.

The coalition's imposition of a real interest rate on university loans will also deter those who are likely to earn lower graduate salaries. We know what Christopher Pyne had to say on this matter. He said that women would not be disproportionately worse off, because those are the only degrees that women attain. How insulting and how wrong does he have it for so many professional women out there who have degrees in a range of areas?

So shutting the door on opportunities for women and putting up the glass ceiling for another hundred floors or so is no big deal to this government. This is what Christopher Pyne, the education minister, said on that front:

Women are well-represented amongst the teaching and nursing students. They will not be able to earn the high incomes that say dentists or lawyers will earn…

That is what your education minister said to the Australian people. No wonder this country has turned against this government when you have outlandish, insulting remarks made by the education minister about women—and how wrong he is in saying them as well. How out of touch is this education minister, and yet he is the one who through this parliament wants to change our university system for men and women now and for so many generations to come. It is a complete wrecking ball he is driving through our higher education system. He is a man who is incredibly out of touch not just with the system itself but with women on top of that.

Let's have a look at it. If the average Australian wants to be an engineer or a scientist, the professions that will determine Australia's future prosperity, according to Minister Pyne, those kinds of degrees will not be done by women. According to Universities Australia, the cost of important courses like engineering and science will have to increase by 58 per cent to make up for the cut. Environmental studies will have to increase by 110 per cent. Charles Sturt University vice-chancellor Professor Andrew Vann has calculated:

For CSU we calculate this to be an average of 23.5% across the board. Some areas would need to rise substantially. Science fees would need to be increased by 62%, Agriculture by 48% and Environmental Studies by 114%.

This government should tell the Australian people precisely how much of our future they are willing to burn, because that is exactly what they are doing through this terrible piece of legislation. They should take an explicit policy implementing this funding bonfire to an
election and get a clear mandate to try to do it. I bet you they will not receive it from the Australian people. They have already made it incredibly clear that they do not support this terrible policy to deregulate and drive up the fees of our higher education system.

The coalition does not have a legitimate mandate to implement this university funding dystopia. In fact, as the education minister admitted prior to last year's election, the government did not have a higher education policy which it was possible to seek a mandate for. It did not even have a higher education policy. There was no platform upon which the Australian people could judge them on higher education, because they simply did not have a policy. Now, some one year later, now in government, to tell the Australian people they are going to drive a wrecking ball through the higher education system and put students into decades upon decades of debt through cutting university funding is, I think, an act of complete deceit to the Australian people.

But that is all part of the plan of this government. They say one thing before the election, as we know, and then do the complete opposite afterwards. The minister has cited a speech he gave this February. He said 'that comprehensively outlined almost exactly what we did in the budget'. That was a very long speech in which the minister devoted 38 words to a 'comprehensive outline' of his budget plan. In fact, it was a some 6,000-word speech, and yet 38 words were for his budget plan for higher education.

How did the Australian public miss this, I wonder? I think it was because the government did not want to highlight what it was going to do to the higher education system. No-one really saw these reforms coming, because I think the government did not want us to see the reforms coming. I think they thought they could get away with us not seeing these reforms coming. But how short-sighted were they? What a way to treat the Australian community by seeing if they could just sneak this through in the budget and hope no-one would notice. In fact, what this does is drive such a detrimental change to every student in this country, especially those that, as I have highlighted, simply cannot afford to pay these incredibly erroneous debt degrees that it is placing on so many students.

The Australian people will certainly compare this government's performance with those of the Labor Party. The Labor Party stands very clearly for the values of egalitarianism and inclusiveness when it comes to higher education. In fact, we value very much the roles that universities and students play not just in educating themselves or universities educating individuals but as contributors to our public good. That is why we oppose cutting public funding to universities. That is why we will stand for what is fair and decent, and that is for our university system not to be gutted and for our students to have a future in that system.

Senator SESELJA (Australian Capital Territory) (12:36): I thank Senator Singh for her contribution because I think Senator Singh, particularly early on in her contribution, demonstrated where the Labor Party's thinking is on this when she harked back to the Whitlam era of university funding. I will touch on how far we have come from the Whitlam era and how far we need to go from the Whitlam era. Whilst it may have been well intentioned, the kind of policies pursued by the Whitlam government when it came to higher education were not good for universities or egalitarianism. In fact, they were good for a small number of rich and middle-class kids to get a free education on the back of other taxpayers. Those were the reforms of the Whitlam era to which Senator Singh approvingly harked back in her speech—we do not want to go back there—and governments of both persuasions have
recognised that over many years, and that is how we got to the point where we are at the moment.

I want to go to the necessity for reform and the big picture as to why these types of reforms to our university sector are important. Virtually every vice-chancellor and every serious higher-education leader have gotten behind these reform because they understand where we sit and, as we look forward as a nation, how higher education will be funded and conducted in this country. We are at a very important moment. That is why this reform is very important.

Let us look at the problems that we have at the moment. There is a recognition on both sides of politics that we want to see more people accessing higher education in this country. The Labor Party recognised that when they were in government and it is central to the coalition's reforms and agenda. We want to see an extra 80,000 supported places in higher education. Both sides agree that we want to see more people accessing higher education. Believe it or not—although you would not know it from any of the contributions from the Labor Party—from the Labor Party's actions in government, we know that they acknowledge there is not an endless blank cheque from the taxpayer as more students come into the sector. If you acknowledge that you want to see more people accessing higher education in this country—and the Labor Party has said that they do and the coalition has policies aimed at seeing more people access higher education and more people getting supported places in higher education—then you must acknowledge that you cannot give a blank cheque and that the money is not endless. We know that because of the savings outlined by the previous Labor government.

Even the reckless Rudd-Gillard-Rudd governments eventually recognised that, if we going to have more people in the sector, as we want to see, and if we are going to have more supported places, unless we reform the way we fund those places we will have a serious fiscal problem. The Labor Party recognised that in that past—but they do not recognise that now—and that was their $6.65 billion in savings out of the sector. We both agree about more places, we both agree about no blank cheque and we both agree that you have to make savings. That being the case, we have to reform the system. If we agree on all those things but do not do anything else, then we are absolutely ensuring a reduction in quality. There is no other way of splitting this up. More students, more supported places, supported on both sides of politics, not an endless amount of money from the government to continue to subsidise each of those places more and more and a recognition for the need for savings: if we do not reform higher education we will get a lack of quality. And that is what the vice-chancellors have very clearly said. This has been the case of a long time.

Under the current system, the way for a university to make ends meet, to make their institution viable in a financial sense, is, effectively, to have as many students coming through as possible and as many students as they can get away with. That is the way to bring more money in but it is not a recipe for higher quality; in fact, it is exactly the opposite. It is a recipe for lower quality because they just jam more students into lecture theatres. You have one lecturer and you have more students in the lecture theatre; you have one tutorial and you have more students in that tutorial.

In my own experience at university I had a HECS-funded place, not a free place, and I had the opportunity to pay for that privilege once I was earning. Like many Australians, I did not come from a privileged background. I worked hard at school and I had the opportunity to get
a HECS-funded place at university. For me it was choose your course, do your best and try to find a job at the end of it, and once you are earning a certain amount you will pay back that debt. That was a great opportunity for me and for countless other Australians. Those opportunities will continue to exist under this system. But even in my own experience, I saw the limitations on this system in the way that it is at the moment. I can remember tutorials of 50 and 60 people at the Australian National University in the law faculty in succession law. Now, no matter how good you are, if you have 50 or 60 people in a tutorial, you are probably not learning that much. That is an example of the business model and why the business model is broken: you jam in as many people as you can, you get those HECS-funded places which are fixed, you bring in that revenue, you try to keep costs down by not having as many staff or by not having as much support. Is that the kind of future we want for our university sector because, as we bring in those extra places, those pressures will only grow? If we agree that we open up more and more higher education places—and I have not heard anyone say they do not want to see that because it is good and necessary for our future—do we want to see students getting a lower quality education? I certainly do not. I want to see the quality improve. And the only way to do that—short of a blank cheque from the government, which is not going to eventuate—is to look at how we can fund things better. The Labor Party acknowledged in government that eventually there is not enough money for a blank cheque. It has to be reasonable.

Individuals get a significant benefit from that university education and from the taxpayer. It is often put in this debate that there are societal benefits from higher education. There are private benefits as well, significant private benefits. What this seeks to do is better balance who contributes, so that society can continue to fund higher education more and more. We are saying that, in order to deal with those funding issues and in order to improve quality rather than see quality go backwards, in some cases there will be a greater contribution asked for from individuals. There is no doubt about it.

Andrew Leigh has said that in some cases fees will go down. We will see what competition does but there is no doubt that we are asking for a different type of contribution. This is what Andrew Leigh said about the results of deregulation—and I agree with Andrew Leigh on this point:

The result will be a better funded, more dynamic and competitive education sector. That is right. The alternative is actually a not-as-well-funded, less dynamic, lower quality, less competitive education sector. I cannot believe that those who are arguing against these reforms are arguing for those things. They would never say that they are arguing for those things, but ask any vice-chancellor—except perhaps Professor Stephen Parker, my good friend from the University of Canberra, who I have a lot of time for but who I disagree with on this, and there may be some others but I have not heard from them—in this country what the result will be if we do not get these reforms through, and they will say: it will be less competitive and less dynamic and, over time, there will be a further reduction in quality. We will not get the type of extraordinary outcomes that we would expect from our higher education sector; we will not get the kinds of extraordinary things happening in our universities that we would like to see.

Our universities do some amazing things at the moment, but the model that we have for funding them is broken—unless someone wants to argue that we should now have fewer
students accessing higher education. You could perhaps make an argument that, if you reduce
the number, you might be able to stick with the current model, but that would still be flawed.
But when you accept that we are increasing it—that we want to see more people accessing it,
that there is no blank cheque from government—then these reforms become absolutely
critical. The downside of not doing these reforms will be that my kids and your kids and the
kids of millions of Australians as they access higher education in this country will get a
substandard higher education, a lower quality education.

It was put again by Senator Singh and by those opposite that somehow these reforms will
stop someone from a poor background from going to university. That is absolute rubbish.
Even as they say it, they know it not to be true. We heard them harking back to the Whitlam
era. The Whitlam reforms saw a small number of predominantly middle- and upper-class
Australians accessing universities and not paying a cent for them. Those reforms were so
successful that the Labor government under Hawke and Keating had to change the system. So
we see this continuum in university funding and policy. We have come a long way.

While Senator Singh and parts of the Labor Party might want to hark back to the Whitlam
era, we do not want to go back there; we cannot, we should not and we will not. In fact even
the Labor Party does not argue that we do. Is that Labor's position; that it will now be free
university education? I thought we had that debate almost 30 years ago. I thought it was
settled that that system did not work and that it was not a fair system. It was the most unfair
of systems. We heard from Cate Blanchett that she got a free university education. I do not know
what her background is; I think she went to a fairly good private school. Was it fair that the
local plumber or the local cleaner was paying for her free education at university? I do not
think so. I do not think that was a good system. We have moved on a continuum since those
failed policies and we have improved the system over time. But it needs significant further
improvement if we are going to meet the challenges of the future.

We have seen it in postgraduate studies, where we have seen deregulation. We do not see
the same type of regulation for postgraduate education as we do for undergraduate education.
Yet we have seen good competition in the sector. Going back to this idea that people from a
poorer background are going to be denied a university education; that is absolute rubbish. In
the United Kingdom, we saw more people from lower socioeconomic backgrounds accessing
university since deregulation, because it is not about how much income you have as you go
in; it is about the amount of income you can earn as a result of that university education. The
relevant factor is the capacity to pay. It is not about whether your dad is a truck driver, a
brickie, a university lecturer or anything else. It is about how you go at university, how hard
you work, what you make of those opportunities. And as you take advantage of those
wonderful opportunities that have been given to you through your own hard work and through
the support of the taxpayer, as you go into the workforce and make a good living then you are
asked—then and only then—to make a contribution to that education. We think that is
fundamentally fair. In fact we think the alternative is fundamentally unfair—that we do not
ask you to make a reasonable contribution to that privileged education, to that ability to earn
on average a million dollars more than those who do not access higher education.

This reform opens up sub bachelor degrees. We have not seen that kind of reform before.
We are going to see people in a whole range of different sectors having access to what many
university students have accessed for the last 30-odd years. Surely that must be an improvement in improving access. That is a wonderful part of these reforms.

I actually think that these university reforms will be a significant improvement and will present a wonderful opportunity for the ACT. We have some extraordinary education institutions here in Canberra. We have the Australian National University. Notwithstanding Stephen Parker's opposition, we have the University of Canberra, which I believe to be an excellent tertiary institution. In fact I pay tribute to Stephen Parker for the fact that he recognised some years ago that he needed to make hard reforms within his university. He inherited a bad state of books and poor management. He turned that around, and I always backed him making those hard decisions. Some of those decisions were unpopular but the likes of Stephen Parker would acknowledge that you have to balance the books—as does the coalition government. He acknowledged that within his own university and he did turn things around.

I think this will present some extraordinary opportunities. I think the ANU will grow and prosper under this as will regional universities. But we will see the Australian National University growing, employing more people, providing more opportunities, doing even greater levels of research and making a greater contribution to our national life and to international advancement. We have got the Australian Catholic University here and the University of New South Wales through ADFA has its campus here. We will see other private providers coming up and increasing their presence. Canberra is well placed. This will be a significant thing for the ACT.

As a parochial Canberran, this really provides some great opportunities because it plays to our strengths as an educated city, as a city with some great tertiary institutions already but institutions that if we do not reform could go backwards in the next decade, and I do not want to see that. I want to see them continue to go from strength to strength. The only way we can do that is if we reform the system.

We all agree we want more people accessing tertiary education—that is a great thing. We are all working on that. We all agree there is no blank cheque here. If you agree on those things, you have to reform the system. You have to make it fairer. You have to make sure that the relevant contributions are fairer and that will see a more dynamic system—as Andrew Leigh says, as the vice-chancellors say and as so many others say. So for all of those reasons, I commend this bill to the Senate.

Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (12:56): I rise to speak on the Higher Education and Research Reform Bill 2014. It gives me an opportunity to point out the vast ideological differences between Labor's approach to higher education and the approach of those economic vandals opposite. It also allows me an opportunity to talk about how the Abbott government's regressive changes to higher education will impact on the one university in my home state, the University of Tasmania.

It is important that we are having this debate, because higher education is one of the key drivers of Australia's economic productivity. The way Australia invests in higher education is a key determinant of our global economic competitiveness. Not only does Australia need to invest in higher education, but we need to ensure equity of access. After all, higher education is a powerful tool for lifting disadvantaged families out of poverty and giving people the opportunity to succeed in life.
Labor has a proud record of investing in higher education. We lifted investment in universities from $8 billion in 2007 to $14 billion in 2013. We boosted the student population of Australia's universities to 750,000, putting another 190,000 students on campus. But despite the massive increase in student numbers, the additional funding we put into higher education still translates to a 10 percent real increase in funding per student. Not only are there more students at university since Labor came to government in 2007, but there have been massive increases in the number of students from disadvantaged backgrounds. Indigenous student numbers have been boosted by 26 per cent, regional students by 30 per cent, and there are now an extra 36,000 students from low-income families going to university compared to 2007.

Labor also invested $4.35 billion in world class education and training facilities through the Education Investment Fund, including $500 million earmarked for regional Australia. By contrast, what we have from the Abbott government is a plan for the Americanisation of Australia's university education system. Why we would want to copy the United States by adopting a system that has been a disaster for equality is beyond me, especially at a time when the US is actually trying to move in the other direction and re-regulate universities.

Nobel-prize winning economist, Professor Joseph Stiglitz, was quoted in The Sydney Morning Herald in July this year as saying, 'Countries that emulate American model are kidding themselves.' He cautioned that deregulation of universities would lead to greater inequality. Professor Stiglitz did not pull any punches. He described the Abbott government's proposal as 'absurd', 'a crime' and 'a way of closing off opportunity'. At a forum at Central Queensland University, Prof. Kwong Lee Dow, former Vice-Chancellor of Melbourne University, talked about the impact of the changes on rural and regional communities:

… students will be paying significantly more, and rural and regional students will be disproportionately affected.

In poorer communities, including regional and rural communities, families will not be able to meet these higher fees so the institutions will have less funding and so become less competitive over time.

While deregulation will push up fees for university courses there are two other elements of the Abbott government's plan that will lead to making university education less affordable. They are introducing a real interest rate on all HECS-HELP debts and cutting funding for university courses by up to 37 per cent. The funding cuts for university courses are completely arbitrary. Some courses have had an increase in their subsidy while others have been savagely cut.

Universities Australia estimates that to make up for this cut the cost of engineering and science will have to increase by 58 per cent and environmental studies will have to increase by 110 per cent. According to analysis by the National Tertiary Education Union, course fees will have to increase by an average of 30 per cent to make up for these cuts. This is the major component of the $3.9 billion of cuts provided for by this bill, the others being changes to indexation of university funding and cuts to the Research Training Scheme.

With this bill and the savage cuts announced in the budget, this government proposes to hack a massive $5.8 billion out of our universities; $5.8 billion of cuts will gut our universities, yet this government promised no cuts to education, amongst other things, before
the election. This is a betrayal of every student, prospective student and parent who voted for this government.

Not only will students pay more for their degrees through higher course fees but they will pay more through the introduction of real interest rates on their university debts. The government wants to increase the interest rate on HECS-HELP debts from that of the consumer price index, typically around two per cent, to the government bond rate, capped at six per cent. The current government bond rate of 3.8 per cent is quite low, historically, and the rate more typically sits between five and six per cent. Seven-hundred and fifty thousand undergraduates and 250,000 postgraduate students, as well as 1.2 million graduates with existing HECS-HELP debts, will be hit with thousands of dollars of additional interest on their loans after 2016.

At least under the current scenario of CPI indexation, if a graduate does not earn enough to make compulsory repayments their debt maintains its value in real terms. Without even factoring in the government's changes, the current outstanding HECS-HELP debt is projected to grow over the forward estimates from $26 billion to $42 billion. Bank of America Merrill Lynch economist Saul Eslake has warned that higher interest rates on university loans could deter many students from studying as they weigh it up against other investment decisions. Talking to the Hobart-based newspaper, the Mercury, Mr Eslake said:

It would be irrational for people not to consider the cost in relation to their working life, in the same way as when you borrow to buy a house.

Mr Eslake has warned that there would be a particular deterrent effect for women, who earn less than men on average over their working life. Prof. Bruce Chapman, the architect of the Higher Education Contribution Scheme, more commonly known as HECS, has modelled the impact of the higher interest rates and found that they will result in graduates on lower incomes paying 30 percent more than their wealthier counterparts.

Returning to the deregulation issue; Dr Geoff Sharrock, program director at the University of Melbourne's LH Martin Institute has described fee deregulation for the Group of Eight universities, as a 'license to print HELP debt'. Dr Sharrock has modelled scenarios for Group of Eight universities which have shown medical degrees costing over $200,000 without even taking into account the interest on the debt. Modelling by the National Tertiary Education Union—or NTEU—found that an average degree could cost between $40,000 and $65,000, with medical degrees increasing to $180,000.

Universities Australia modelled the potential cost of engineering and nursing degrees and found that an engineering graduate could have a HELP debt of over $100,000 and repay it over a period of 20 to 25 years, compared with the current debts of less than $50,000 and a repayment period of 14 to 18 years. A nursing degree could cost over $50,000 compared to around $24,000 under the current arrangements. Those opposite say our claims of $100,000 degrees are scaremongering, but you cannot fault the modelling.

And the Prime Minister himself has conceded that deregulation will lead to higher fees. When he addressed the G20 meeting in Brisbane, Mr Abbott said:

… we have tried to deregulate higher education, universities, and that's going to mean less central government spending and effectively more fees that students will have to pay.
In justifying these massive fee increases, the government puts forward the argument that students only pay 40 percent of the cost of their degree and have average additional earnings over their working life of $1 million.

There are several reasons why this argument is flawed. First of all, at the time HECS was introduced the 80-20 split between the taxpayer and student contributions to the cost of a degree was roughly what was considered to represent the public benefit to the country and the private benefit to students. The 40 percent contribution students make towards the cost of their degree used to be 20 percent when the HECS system was introduced. There are no suggestions that over this time graduate earnings have doubled, or that they will increase again if we increase the student contribution.

Secondly, because we have a progressive income taxation system in Australia graduates who earn more also contribute back through higher rates of tax. And finally, there are many more professions that require a bachelor's degree to qualify for entry than before—for example, nurses and teachers—but these occupations do not lead to high rates of pay. Because of the lower rates of pay for these occupations, higher HECS-HELP fees and higher rates of interest could lead to many potential students being deterred from studying nursing or teaching. What will that do to the supply of skilled graduates for these professions? What impact will that have on the health and education systems across the states and territories of Australia?

As if this will not be disastrous enough for the supply of qualified nurses and teachers, this bill also discontinues the HECS-HELP benefit, a scheme which provides an incentive for graduates of certain courses to take up a related occupation. This benefit was designed to address Australia's shortage of skilled workers in mathematics, science, statistics, education, nursing, midwifery and early childhood education. Some graduates who made study decisions based on this policy will now be hit with debts that they did not plan for.

A particularly concerning aspect of the deregulation agenda is the proposal to offer Commonwealth supported places to non-university higher education providers. The Victorian Liberal government tried something similar by introducing contestable funding for vocational education and training, opening up the market to non-TAFE providers. This led to a massive increase in government expenditure for courses which failed to get students in jobs or fill skills gaps. Similar concerns have been found in a two-year inquiry into for-profit colleges by a United States Senate committee, which found that they charged higher than average tuition fees and spent considerable resources on recruitment and marketing but little on student support. The Australian Skills Quality Agency has already raised concerns about the misleading marketing practices of many training providers, including guaranteeing qualifications without the need for assessment, claiming that qualifications can be completed in unrealistically short timeframes, and guaranteeing students jobs on completion when the provider is not in a position to make such guarantees.

We have a robust system of accreditation of higher education providers in Australia, and undermining that system will substantially undermine Australia's reputation for quality higher education. The evidence from other jurisdictions is that fully contestable funding does not benefit students, it just benefits training providers who are seeking to make a profit with little or no regard for the welfare of their students. The current vice-chancellors have not been particularly complimentary about the government's proposed changes, no matter what Senator
Seselja has tried to put across. Let me tell you what some of them have had to say. Professor Warren Bebbington, from the University of Adelaide, said:

… it is starting to look as if the student debt burden for many under the proposed reforms might well be worse than in the US.

Professor Linda Kristjanson, from Swinburne University, said:

… deregulation will inevitably lead to much higher fees for our students … Over time, full fee deregulation will lead to a higher education system characterised by the 'haves' and the 'have nots'.

Belinda Robinson, the Chief Executive of Universities Australia, said:

… if we're not careful, what we will start to see is a situation where students are being deterred not only from participating in university study but from in fact taking time out of the workforce to do things like raise children, because it will be such a financial burden for them once they re-enter the work force.

For the most refreshingly blunt contribution, we have Professor Stephen Parker, from the University of Canberra, which Senator Seselja is so keen to talk about:

… these changes, taken together, are: unfair, unethical, reckless, poor economic policy, contrary to the international evidence and being woefully explained, raising suspicions about how much thought has actually gone into them.

… it is the combination of all these components that makes this the worst piece of policy I have seen in Australia in my 26 years here …

Professor Kwong Lee Dow, former Vice-Chancellor of the University of Melbourne, in a speech on 25 July this year, talked about the impact the government's plans would have on rural and regional communities. Professor Dow said:

In poorer communities, including regional and rural communities, families will not be able to meet these higher fees, so the institutions will have less funding and so become less competitive over time.

Despite the overwhelming evidence about the devastating impact the Abbott government's policies will have on rural and regional universities, the Nationals, the so-called party of the bush, is once again selling out their core constituency. I have given many examples in previous speeches to this place about how the Nationals have abandoned the interests of the people they purport to represent, and this is just another example to add to the list. It behoves the Nationals in the Senate and in the other place to explain to rural and regional Australia why they would support a plan that will gut regional universities—like the University of Tasmania in our home state, Mr Acting Deputy President Whish-Wilson. It seems clear to me that the coalition is not a partnership on equal terms. Instead, the Nationals just roll over to their Liberal masters and accept their free market ideology, regardless of the impact it has on their constituents in the bush.

If the Nationals do not represent regional Australia then who do they represent? They do not believe regional Australia should have decent telephony and broadband services like their city counterparts. They do not think regional Australia should have access to trade training centres, GP clinics or bulk billing doctors. They do not think regional Australia should have modern infrastructure. And now we see that they do not think regional Australia should have access to affordable, quality higher education either.

On the subject of education in regional Australia, I will now turn my attention to my home state of Tasmania. We have one university, the University of Tasmania. UTAS is of particular importance to Tasmania because it is a major economic driver, not just as a provider of
tertiary education and research but as the state's biggest employer. Of the government's $5.8 billion in cuts to universities, UTAS is expected to have $113 million cut from its budget over the next four years. Vice Chancellor Professor Peter Rathjen warned about the difficulties UTAS will experience in the face of these savage cuts when he said:

The ability … to recoup those reductions in revenue through fee premiums may be limited by the economic circumstances of the island … Those subjects that we do not teach, the research that we do not conduct, or the social programs that we do not support are unlikely to be replaced easily by other providers.

UTAS has said that the cuts to their funding are so devastating that they will be presented with the choice between significantly raising fees, cutting courses, abandoning research and even closing one of their northern campuses. In August this year, I joined a forum hosted by my Tasmanian colleague, Senator Brown, and the shadow minister for higher education, Senator Carr, at the University of Tasmania. Invited to the forum were representatives of staff and student groups, as well as other university stakeholders. There was universal agreement among the stakeholders that the Abbott government's proposed changes to higher education would result in low-income families, regional students and women being worse off. Tasmania, having a higher proportion of low-income families, is a place where many students already struggle to make it to university.

This bill—and the government's whole higher education agenda—breaks so many of Mr Abbott's pre-election promises. He promised 'no cuts to education'. He promised to lead a 'government of no surprises'. His education minister, Mr Pyne, said that the government would not raise university fees. The Liberal Party's Real Solutions policy document promised to 'ensure the continuation of the current arrangements for university funding'. And, in February last year, Mr Abbott told a conference of Universities Australia:

First and most important, we will be a stable and consultative government. If we put in place a policy or a programme, we will see it through. If we have to change it, we will consult beforehand rather than impose it unilaterally and argue about it afterwards. We understand the value of stability and certainty, even to universities.

Obviously, the value Mr Abbott once placed on stability and certainty has now been thrown out the window.

In concluding my contribution to this bill, I ask those opposite: what is the rationale for these changes when we have a system of higher education contribution that has served Australia well for decades? Is it just a crude grab for cash? Is it another savage cut to prop up tax breaks for billionaire miners or your profligate Paid Parental Leave scheme for millionaire mums? Or is there something more ideological underlying this push?

We know from the government's approach to other issues—paid parental leave, universal health care, superannuation, pensions and income support for jobseekers—that this government believe that your opportunity in life should be driven by your wealth. They will deny it, but policy after policy and bill after bill brought into this place demonstrate that this government is about entrenching wealth and privilege and punishing the vulnerable and disadvantaged. They have demonstrated it with tax breaks for billionaires, with $50,000 cheques for millionaire mums, with their GP tax, with their pension cuts and with their cuts to income support for jobseekers. Now they are demonstrating it again with a scheme that will
ensure that students on low incomes or from disadvantaged backgrounds cannot afford a university education. *(Time expired)*

**Senator RUSTON** (South Australia—Deputy Government Whip in the Senate) (13:16): I have sat in the chamber for the last little while and I also watched much of this discussion on the television in my room before I came in here. Some of the comments from across the chamber have been quite extraordinary, including some, Mr Acting Deputy President Whish-Wilson, which came from your good self when you were giving your contribution earlier this morning. Senator Urquhart claimed this morning that Mr Pyne, the education minister, had made these claims about our universities falling behind the rest of the world, as if it were only Minister Pyne who was making those comments. But I would like to draw to the senator’s attention to a letter that I am sure we all received. It has been in the media. It was issued by Universities Australia. It says:

Dear Senators,

As you are aware, without strong and sustainable universities, Australia risks being left behind. Unfortunately, competing calls on constrained public finances have meant that per-student funding has decreased in real terms over a number of years.

It is now clear that a new approach to funding is needed to maintain the quality education students expect, but that approach needs to be fair.

This is where you, the Senators of Australia, have the chance to make a difference, a chance to champion a new higher education package that is fair for all: fair for students, families and taxpayers.

If you have a look at that, you can see that these are not the words of just Mr Pyne; they are the words of Universities Australia, which is the peak body representing Australia’s universities. I will draw the attention of the chamber to the last three comments I quoted from this particular letter—fair for students, fair for families and fair for taxpayers.

One of the things that was very, very clear in the original suite of reforms that was put up by Mr Pyne and the government was that student was not going to be required to pay back one cent of the loan for their education until they were earning in excess of $50,000. It was also very clear in the package that there was an intention to expand the loan opportunities for post-secondary education to courses that were nongraduate, something that has never happened in the past before. In creating a level of equity for students, there is no expectation for them to start paying when they cannot afford to. There is also a broader equity in this space to make sure that it is not just students who seek to have a graduate education who are going to be looked after under this particular scheme but also students who possibly do not wish to go for a graduate education but want to undertake vocational education and the like. This means that there is a huge base of people out there that previously had not been covered by the opportunities to get financial assistance for their education that now will be.

It is fair for families. Not everybody in a family will want a tertiary education. Some may well want to do vocational education. If you have a look at the opportunities across the broader family space, each individual in a family will be able to choose the area that they wish to pursue in their education and not feel that they are disadvantaged by one of the other members of their family who decides they are going to do a tertiary degree.

This is particularly fair for taxpayers. Many of my colleagues have made a comment in their contributions about the fact that, at the moment, 60 per cent of a university degree is
paid for by the taxpayer and that the individual student is required to pay approximately 40 per cent. So non-tertiary educated people are paying for the education of those who seek a tertiary education. Whilst the argument for universal education is one that has been put forward here, we also have to have a balance with the argument for equity. Those people who want to seek a tertiary education need to be very mindful that those people who are paying their taxes out there on the ground are the ones who will actually be funding their education.

In the immortal words of one who is often quoted by those opposite, the Hon. Paul Keating:

There is no such thing, of course, as "free" education somebody has to pay. In systems with no charges those somebodies are all taxpayers.

This is a pretty important point: a "free" higher education system is one paid for by the taxes of all, the majority of whom haven't had the privilege of a university education.

Ask yourself if you think that is a fair thing.

That was said by Prime Minister Paul Keating in 1995. Nobody is saying for a moment that higher education is not a fantastic thing for the community and that it does not bring a public good, but the point that Mr Keating makes is that you cannot have a free education. There is no such thing as a free education because there is a cost associated with it. If there is a cost associated with it, somebody has to pay.

Through the debate that has occurred since this bill has been touted and negotiated amongst those in this place, it is very clear from just about everyone you speak to—apart from those whose heads remain well and truly lodged in the sand—that doing nothing is not an option. There are also a whole heap of things within this suite of proposed changes in the education space that those opposite would be happy to throw out, to have no changes and to continue along with the status quo. But, as we have seen from the comments made by the universities of this country, standing still and doing nothing is actually tantamount to going backwards. We are going to throw out even things that those opposite would have to admit are good in this suite of legislation. I certainly would be surprised to hear anybody opposite suggest that extending loans to those people that were not choosing to get graduate courses was a bad thing. I am sure no-one in this place would be saying that. I also do not think that anybody in this place would be considering that it is a bad thing that additional funding is made available to support scholarships for people that come from low socioeconomic backgrounds—I am sure that would not be the case. We need to be very clear about the fact that doing nothing is not an option. If we holus-bolus throw this legislation out and do not seek to address and make the changes so that we can end up with the best working model that we possibly can put out there for the benefit of everybody in this country—not just a few people—then I think it would be very disappointing that, with this bloody-mindedness, we would see some fantastic changes that are being purported in this space not pursued.

The other thing is that there are some really significant budget implications. We talk often about the issue of the HECS debt that students who undertake courses will have to be responsible for into the future. These young people are going to have a debt, as those who undertook their education in the last 20 years have incurred a debt. The choices here are that we either allow these young people who have received an education—which allows them in most instances to be able to get a job that pays more and gives them greater capacity to pay back the debt—to pay, or we continue with the escalating debt incurred by an unsustainable
position with the amount of money that has been paid in the higher education space so that everybody in Australia is going to be burdened into the future with higher debt repayments. It is either taking a user-pays approach to things or continuing to rack up debt on the Australian public’s credit card so that, into the future, these people may well not have the same level of debt that they might have specifically relating to their tertiary education but the debt that they will have individually, because of the burden that is going to be placed on them by the increasing debt that has been occurring in this country, is likely to be far greater. So we have to make a decision about how we are going to deal with debt. Are we going to stop increasing our deficits and try to deal with our debt so that these future generations, whom we are talking about now, the young people that are about to get their higher education, when they are in their 30s, 40s and 50s, will have a smaller debt burden? What kind of debt burden as a nation are we going to leave them—let alone worrying about the burden that they possibly will have in relation to their education? What about the greater debt burden, which we as a government should be seeking to reduce in this place and not increase?

I noted that Senator Whish-Wilson, in his contribution earlier today, made the comment that the reason that he was not going to support this suite of deregulation activities in relation to higher education was that the government had not flagged it before the last election. I do not know whether this is too much of an extrapolation, but I would suggest that, on the back of that, he was basically saying, ‘Had the government taken this intended piece of legislation to the election and the government was subsequently elected, then the government had obviously sought and achieved the mandate that it was asking for in relation to this policy position.’ That was the logical conclusion I reached from the comments made by Senator Whish-Wilson. If you take that one step further, you would suggest that the government had a mandate for removing the carbon tax, it had a mandate for removing the mining tax, it had a mandate for stopping the boats, but it also has a mandate for reducing the budget deficit and debt. That is absolutely clear. We went to the election with a very clear policy position about the fact that we want to be fiscally responsible and that we were going to try and reduce the debt and deficit, yet time and time again we have come into this place with measures that we think are reasonable to reduce the level of deficit and debt in this country, and time and time again people like Senator Whish-Wilson and his colleagues in the Labor Party seek to stop us from achieving that. I would say to Senator Whish-Wilson, if he is going to hold the view that, if you take something to an election then it is reasonable that you should be allowed to enact it, he probably should have a look at some of the other legislation that he and his colleagues are choosing to block in this place.

The other thing I would like to do today is to commend the rational, responsible behaviour of a number of the crossbenchers in relation to this suite of measures. I particularly refer to Senator Madigan and Senator Day, who are currently in discussions with all of the stakeholders that are involved and likely to be impacted by this suite of changes. I draw your attention to a media release from this morning from Universities Australia, and I would just like to read a couple of lines from it. It says:

Chief Executive of Universities Australia Belinda Robinson praised Senator Madigan and Senator Day for their constructive dealings with the Government and urged other crossbench Senators to work towards a new, fairer package.
She went on to say:
The elements that both Senator Madigan and Senator Day have put forward are very consistent with what Universities Australia considers to be a fair and reasonable compromise …

Our message to all Senators this week is not to defer decisions and ignore the unique opportunity they have to shape a new, fairer higher education package this year.

Delaying taking action, or rejecting the package outright, is not the answer and risks condemning Australia's higher education system to inevitable decline.

It is not possible for universities to continue to deliver the quality that students and parents expect under a system that remains both financially unsustainable and uncertain.

Senators this week have the opportunity to shape a new, fairer higher education package and end the uncertainty and anxiety felt by students and their families who have no idea what will happen in 2016.

With key changes, such as those announced today, the Senate can design a package that strengthens our universities while keeping it fair for students, parents and taxpayers.

I think that epitomises exactly what we should be doing in this place. Everybody cannot always have everything that they want, but that is not to say that by a process of negotiation, by putting forward alternatives—some of which may have been better than the original legislation put forward; some of which recognise that some things may have been 'mismodelled' or whatever—and by constructive dialogue amongst the crossbenchers and the opposition on these sorts of bills we sometimes can actually deliver the best possible outcome for everybody. A bloody-minded approach that says, 'Because the government didn't tell us before the election that they were intending to make changes to higher education means that we are just not going to accept anything', is not in the best interests of the Australian public. It is certainly not, in this instance, in the best interests of the students and the families who are seeking to have an education.

The question that really does need to be asked is: why are those opposite scared of deregulation? Deregulation does not necessarily have to cost more. Quite often, in a number of instances, deregulation can actually see a reduction in costs because, as we have seen in so many instances, an overregulated marketplace can mean that the regulation itself increases the costs. We do need to be very clear here that deregulation, if it is enacted and introduced in a responsible and well thought out manner, can actually have massive benefits for everybody—to the taxpayers, to our communities and to our students—and most particularly it can ensure that the level of education and the quality standards of our tertiary institutions are at the highest possible level that we can hope for them to be. So there are huge amounts of benefits that can come from deregulation, and I would just like to quote from the chair of the Group of Eight universities, Professor Ian Young, who is the Vice-Chancellor of the Australian National University. Professor Young said:

Deregulation will enable universities to differentiate. To play to their strengths.

It may generate some of the diversity that is enviable in the US system, where students have a real choice. They can go to institutions that include tiny specialised liberal arts colleges, outstanding state universities, niche private institutions, online private providers and world leading Ivy League schools.

What Professor Young is basically saying there is that by giving students choice, you give them choice about what they actually want to achieve out of this and allow the market to find where things are going to play out. There seems to be very little point for us to continue on with a one size fits all approach to our tertiary courses, only to find that we continue to
graduate vast amounts of a particular course that is not in demand and we are under delivering in other courses where there is a demand. If you let the market determine where this is going to go, then the market, I am afraid to say, as much as those opposite do not like to hear this, will always find its own level. The market, if it is left alone, always comes up with the best possible outcome, and it will allow supply and demand to actually match each other.

What Professor Young is saying there is that it just allows each individual student to be able to determine what it is that they want to do. It allows them to specialise if they want to. And instead of everybody being thrown into this great big melting pot of one size fits all and pumping out at the other end a generic blancmange of students, which is what this particular suite of legislation is seeking to do, it aims to make our students as sharp as a possibly can be and to make sure the education that we have for our students when they go out into the workforce and are seeking to get a job are best matched to what the market is demanding of the skills that those students come out of university with. We need to be very clear that there are two parts to this bill: one is about deregulation, and that is the broader issue we are talking about here; the other is a whole heap of things that sit underneath that to work out how that deregulation is going to be achieved and to ensure that we have things in place so that we do not disadvantage people who come from lower socioeconomic areas and so we do not disadvantage students who live in rural and regional Australia.

I was quite astounded at some of the comments made by Senator Bilyk in her contribution, such as that this government did not care about NBN or modernising infrastructure. I think you will find that it is this government that is choosing to provide the NBN to people who have the worst possible service first, and most of those are in rural and regional Australia. And in terms of modernising infrastructure, I think you will find it is this government who has a massive infrastructure fund, which it is spending on building the roads and the infrastructure in rural and regional Australia that has been neglected for such a terribly long time. All I can say is that the scaremongering and the belligerence of those opposite means they have probably overlooked great benefits of this particular legislation. (Time expired)

Senator O’NEILL (New South Wales) (13:36): Today I rise to happily speak once again on an education matter—the Higher Education and Research Reform Amendment Bill 2014. I want to put on the record that in this place I have spoken on school funding, that there is legislation before the other place with regard to childcare funding and that this legislation completes the suite. What we are seeing from this government is a massive reduction of investment in education as an economic and social driver of equity for Australians. We are seeing this barefaced attack on every level of education right across the country. Today's particular focus, in terms of this government's cuts to education, is the higher education sector.

I have to go to Senator Ruston's comments about why we should not be afraid of deregulation. She said that, if we have a responsible government with a well thought out policy, we should not be frightened of deregulation in this sector. Anybody making a judgement of the Abbott one year in can clearly see that the government are not responsible and that we cannot trust a single word they say—not a single word they say. Higher education is too important an area for us to go on the say-so of a government in a deal with well-meaning and well-intentioned crossbenchers, who are doing their level best to coerce this
government to come to the point of figuring out that we need to support and invest in higher education. I note the efforts of Senator Madigan and Senator Day.

Frankly, we have seen over and over in this place already in the first year of the Abbott government that we cannot trust a word of this government's commitment. If we do trust the government on deregulation, what essentially is happening? What does that word mean? For every student who intends to go to university, for every parent who looks over the education for their child, for grandparents who have aspirations for their grandchildren to go to university and for mature age students who want to improve their life and that of their families by returning to university, what does this government's deregulation mean? Essentially, it means the removal of price control for student contributions to the cost of their bachelor and sub-bachelor degrees. Let us not be misguided in any way about what is going on here. This is about getting rid of a cap and letting the market rip. We had Senator Ruston saying that the market never gets it wrong. Even those opposite with a little bit of respect for history and a little bit of decorum in terms of economic conversations should be able to say that they might have noticed the odd market failure—just the odd one.

We cannot trust this government in moving forward in this area. There are cuts of up to 50 per cent in course funding for undergraduate students. While they say, 'We cannot afford to put this on the debt for the nation,' they are in a mad rush to load up individual students with massive levels of debt. In their arguments they continue to separate Australians who want to learn from those who earn and pay tax. They try to construct students as somehow different from taxpayers. In my conversations with students many are completely offended by this marginalisation, as if they are not taxpayers already. Many of our students are mature age students, particularly in the regional areas, and are already paying taxes. With the taxes they are paying they are relying on the Australian government to give them the opportunity of further education in a rapidly changing economy so that they can reskill, upskill and advance their own interests and those of their families. They are already taxpayers and they want their money invested in good things for this nation, and investing in higher education is a powerful economic driver of the advancement of our economy as well as our society. Taxpayers do not sit outside the student population. Even those doing part-time work and study early in their life, who are in their early 20s, are taxpayers. I am sure that they are very keen to see the taxpayer dollars they are contributing invested in their future in education.

If the argument put by those opposite in their quite mild mannered way were to actually hold water, taxpayers in New South Wales should never put money in that could be used to invest in a road in Western Australia. Here we see revealed what is really going on with this government in every policy area. They are seeking to create fear, constructing policies of division and putting taxpayers separate from the people who are being affected by the policy they are trying to get through this place. We are not a fragmented nation. Yes, we have states, but we are Australians. We are a federation. We need to grow Australian students, who will move all over this country and indeed around the world. We need to give them the opportunity of a great education and we need to make sure it remains affordable. One thing we know is that we cannot trust the government to do anything that they say they are going to do, so when they give their word that deregulation will be looked after and they will set up a system, I do not believe them and I do not think any thinking Australian, going on the record of what we have seen so far, could possibly believe that.
In the seat of the member for Warringah, the leader of the government, Mr Abbott, I had the opportunity to meet with many students. Large numbers of them were year 12 students, who I congratulate on completing their qualification. I know many of them will be waiting with bated breath for results that they hoped prior to this legislation coming to the parliament was going to allow them to go to university. The economic profile of the people in the seat of Warringah is a lot different to the economic profile of the people in the seat of Riverina, where Charles Sturt University is, or the economic profile of people in the seats of Robertson and Dobell, which are well served by the University of Newcastle. There is a lot more wealth in the Prime Minister's seat than in the two seats I mentioned and the seat of Riverina, which is looked after by Mr McCormack. The other seats I mentioned—Riverina, Dobell and Robertson—have much poorer communities so any impact is going to be amplified, but in the Prime Minister's own seat students and their parents are alarmed. Career counsellors from across that whole area—right up and down the northern beaches peninsula and going into the Speaker's own seat—have communicated with me that families are rethinking their capacity to support their son or daughter to go to university. Young people themselves are saying: 'I don't know that I can afford to do this. I did want to go to university, but I am thinking that I can't.'

And perhaps there are young people here in the gallery today, who have a grand vision of a future that has been instilled in them because we believe in education in this country—at least we do when Labor is in charge. We believe in the opportunities that education gives, and we build hopes and dreams on the back of being able to provide that into the future, using those taxpayer dollars that we have earned and put into the bank because we want to make sure that we give our kids a chance.

But today there are fewer students that are applying for university places. There have been fewer immediately, even before this legislation passes, because this government has put a big question mark over the rights of young Australians even to think that they can go to university—even to begin to think that that is possible. That is a retrograde step. It is taking us back to a very dark day.

In a global economy—in a knowledge economy world—we should be ramping up our education. That is why I am so proud of Labor's own record with regard to this. We know that accessible higher education changed the nature of opportunity in Australia. We know that accessible higher education has changed the nature of class in Australia, but that is what will be stripped away if this bill passes. We have made incredible strides towards creating a more equal Australia, where your postcode does not affect the opportunities that you can aspire to have in this great country.

Labor believes that no young person or their families should be turned away from education because they do not think they can afford to pay for it. And during our time in government we gave flesh to that belief. We made sure that the doors of universities—which were already partially open—opened further in response to student demand. And that meant that 190,000 Australians—it is not a small number!—got into university because Labor removed the cap on student places. When I was the member for Robertson in the other place, we kept asking the higher education sector, 'We finally let those students in; how are those students going?' I am pleased to report to you that as soon as you open the door to a hard-working student with capacity, they get in there and they do the job. Those students were
advancing. There were staying and they were being successful. This government, for a reason that is completely inexplicable to me, wants to shut that door and shut a few more and make it harder and harder for young people to go to university.

I want to go, in my remarks, to one of the most shameful indications of how cynical this government is and how much we should not trust them on this issue. I refer to what they are loosely calling 'Commonwealth scholarships'. 'Commonwealth scholarships' has a lovely ring to it. You could be completely mistaken in your understanding of what the government means by that. When you hear the words 'Commonwealth scholarship' you would think that the scholarship comes from our Commonwealth as a nation, providing scholarships to students. The government have deliberately called this the Commonwealth scholarship program in this piece of legislation because they know that that is what people will think is happening. But this government is so despicably sneaky and arrogant that they think they can get away with this. They are actually introducing a scheme which has no Commonwealth money in it at all. There is not a single cent of Commonwealth money going into the Commonwealth scholarships that they are articulating in this bill.

What is really going on is that instead of the government putting in money, they are going to get money from the students who can afford to go—and we know that pool is going to shrink—and then, in some scheme that has not been clearly explicated, they are going to hive off part of the students' money and put into another little fund of scholarships that will be delivered in some way, which is still not clear, to students at that university. That is the plan. How sneaky to pretend that it is Commonwealth money that is supporting the scholarship plan! That is why we cannot trust this government on any legislation. We certainly cannot trust them on this piece of legislation because they are trying to sneak the most disgraceful misrepresentation through in this one area alone.

And that reveals the whole way in which they are going to infect access to the system that is part of this great country's tradition. In terms of this Commonwealth scholarship we have a problem with just how far backwards this government has gone. Even Menzies, back as far as 1950, when he brought in the real Commonwealth scholarship scheme, made sure that money was allocated from the Commonwealth to support students in their education. Here I have an article from the *Kalgoorlie Miner* from Tuesday, 18 July 1950. It says that they made scholarships available to students throughout Australia who wished to commence a course at a university or a similar institution.

There were two kinds of scholarships with federal money attached—Commonwealth money. One provided fees only; the other provided, in addition, a living allowance to the student. So they were supporting students to go to university in 1950. It was a genuine Commonwealth scholarship scheme. This sneaky, despicable government is trading off the back of that scheme. Back in 1950 they were able to write: 'Under the new scheme there will be no-one in Australia who will be denied a university education because of financial difficulties, providing his matriculation results are sufficiently high to justify selection under the scheme.'

In 1950 the Menzies Liberal government knew that this economic use of brainpower could not but help to improve the Australian economy generally and to make a more highly qualified community. I will admit to often saying in this parliament that the Prime Minister wants to take us back to 1950, to the 'father knows best' days, where we should trust that he is

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going to look after us all—while he is breaking his word every single day. I cannot put him back in the 1950s anymore; I am going to have to go back further because, frankly, in 1950 it looks like the Liberal Party had a better idea about investing in the education of this country than they do right now with their miserly, despicable, deceptive naming of the Commonwealth scholarship program. There is absolutely no truth in what they are doing.

Senator McKenzie interjecting—

Senator O'NEILL: In the Ballarat Courier, in an area where Senator McKenzie comes from—she is supposed to be representing the community in the west and north of Victoria—the Vice-Chancellor of Federation University wrote:
The shallow rhetoric about having more scholarships for regional students, including assistance to help them to attend metropolitan universities, and the availability of more sub-degree courses, ignores the real differences we have in this nation between metropolitan and regional higher education.
The differences are structural and not simply related to student choice and cannot be easily ameliorated by the application of market forces.
We cannot allow this government, which is going to let the market rip, to preside over a yet-to-be-disclosed set of scholarships that amount to one student supporting another.

I want to put on the record what this would look like in a tutorial. I can remember my very first tutorials at Sydney university. I was a girl from the western suburbs and the first in my family to go. I had a wonderful tutor by the name of Alex Soborslay. I want to put on the record today how indebted I am to him for his guidance, care and support in that first year of university and transition. There were students in that tutorial with me who made me feel very uncomfortable and that I did not belong there. Certainly, I had not read the same things that they had read and I had not had the opportunities that they had had to experience the world. I was a girl from the western suburbs. I did not sound the same, I did not look the same and I did not have the same cultural capital that they had when they landed at the doors of Sydney university. But that tutor taught me the same way as he taught all of them. Bit by bit, I was able to become very successful at the university alongside those people.

Under what those opposite are trying to construct, if I were a scholarship student today and that was the only way I could get to university, I would be sitting in that tutorial with students who had paid for my tuition. Firstly, how can we be asking students to pay for the tuition of a fellow student when they are already under so much financial pressure? Secondly, what does it do to the learning dynamics in that room where there are second-rate students who are having their education and their scholarships funded by people who are sharing that class with them? If there was any truth in what these guys had to offer, if there was any truth at all in anything they say around policy, we could perhaps envision some adjusted system. But the reality is that this Commonwealth scholarship scheme that they have put into this legislation is one of the sneakiest and most deceptive elements of a piece of legislation that I have seen come through this place yet. People need to understand exactly what this government is trying to do by ripping apart student equity right down to the very level of the classroom.

One of the things that I wanted to say as we approach the close is that Labor is the party of education, we have always believed in it and we will fight for it every day. (Time expired)

Senator WILLIAMS (New South Wales) (13:56): I do not think that we will get a lot of time before question time, but I would like to commence my contribution—without
interjections from my colleague Senator Bernardi, I hope! I rise to contribute on the Higher Education and Research Reform Amendment Bill 2014. Continuing on from Senator O'Neill's comments on scholarships: under these proposed changes, anyone can go to university with HELP assistance. They can then pay for it once they start earning more than $50,000 a year. That is a pretty good system. In my days, you either won a Commonwealth scholarship—and I was fortunate enough to win a scholarship to university—or you paid. That was out of your pocket or your parent's pocket. You can walk in now to a university without a red cent and get a tertiary education, which I think is a very good system. But it is not free. We have heard in the chamber today that it is a free system. The only thing that is free in this world is the air that we breathe, and of course the previous government tried to put a tax on that. Nothing is free; someone pays. The bricklayer or the shearer out there working today who have never stepped foot on a university campus will pay, as they pay their taxes. As I say, they have never been—

_Honourable senators interjecting_—

_The PRESIDENT:_ Order on my right and my left!

_Senator WILLIAMS:_ Thank you, Mr President. That's much better. Now I can hear. So, in relation to this whole attitude about a free tertiary education, I repeat: nothing is free; someone pays. That is a fact of the whole situation.

As has been noted by others, there are 10 key points in relation to this package, and I want to refer to a few specific ones. Over 80,000 students each year will be provided with additional support by 2018. This includes an estimated 48,000 students in diploma, advanced diploma and associate degree courses and 35,000 additional students undertaking bachelor courses. There will be more opportunities for students from low socioeconomic status backgrounds through new Commonwealth scholarships. This undoubtedly is the greatest scholarship scheme in Australia's history. Effectively, this equates to free education for the brightest students from the most disadvantaged backgrounds, especially in rural and remote areas. When I say 'free', they will not have the fees afterwards, but the taxpayer or the university sponsoring it will, of course, pay for them. Universities will be able to set their own fees and therefore can compete for students. That is a good thing. With competition comes quality, and higher education providers will be more responsive to the needs of students and the labour market. When universities and colleges compete, the winners are the students.

This government is a supporter of research. Let me remind you of our commitment: $150 million next financial year for the national collaborative research infrastructure, $139.5 million to deliver 100 new four-year research positions per year under the Future Fellowships scheme.

Debate interrupted.

**QUESTIONS WITHOUT NOTICE**

**Defence Procurement**

_Senator CONROY_ (Victoria—Deputy Leader of the Opposition in the Senate) (14:00): My question is for the Minister for Defence, Senator Johnston. Can the minister confirm that draft talking points, draft media releases or any other draft supporting documents have been prepared in his office, his department or the Prime Minister's office to announce Australia's future submarines will be built by Japan?
Senator JOHNSTON (Western Australia—Minister for Defence) (14:00): No, I cannot confirm that, because, to the best of my knowledge, no such documents exist.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:00): Mr President, I ask a supplementary question. Can the minister confirm again that no draft talking points, draft media releases or drafts of any other supporting documents have been prepared in his office, his department or the PM’s office to announce that the submarine construction partner has been selected for Australia’s Future Submarine program? Can the minister confirm that the national security committee of cabinet has made no decision on Australia’s Future Submarine project?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:01): For a start, I do not discuss national security deliberations, particularly with you. Secondly, I have not seen the documents to which you refer.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:01): Mr President, I ask a further supplementary question. I refer the minister to the Standards of ministerial ethics:

Ministers are expected to be honest in the conduct of public office and take all reasonable steps to ensure that they do not mislead the public or the Parliament.

I again ask: have any materials been drafted to announce that Australia’s new submarines will be built by Japan?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:02): I do not think I can recall that this chamber has come to such a low ebb that that senator would ask that question.

Budget

Senator EDWARDS (South Australia) (14:02): My question is to Senator Cormann, the Minister for Finance and Minister representing the Treasurer. Will the minister update the Senate of the most recent expert opinion on the need to repair the budget?

Senator CORMANN (Western Australia—Minister for Finance) (14:02): I thank Senator Edwards for that question. Indeed I can. Deloitte Access Economics has released the Budget monitor today, and it makes very sobering reading. It makes the obvious point that there are two key drivers to any budget—the economy and the decisions of politicians—and, when you read through the report, you see that by politicians they do not just mean those of us in government; they actually mean all of us here in the Senate, for example. We are all in this together. Back in September last year we inherited a situation with a weakening economy, rising unemployment, low consumer confidence, business investment which had plateaued and, of course, a budget position that was rapidly deteriorating. Back in December last year we adjusted our revenue forecast. The Labor Party was arguing that we adjusted them by too much, that we were intentionally taking a too-pessimistic outlook in order to make the numbers look worse. What we of course now know is that, despite our attempt to come up with a more realistic assessment of where revenue was likely to track, commodity prices have fallen much more sharply than was predicted at the time.

The sobering assessment in this report is that, sadly, good politics has good policy well and truly over a barrel. When they talk about good politics, what they are talking about here in this report is good politics from the irresponsible and reckless attitude of the Labor Party and
the Greens. Today we had Mr Shorten out there again saying that all we need to do to fix our budget challenges is to increase taxes on multinationals, while here in the Senate the Labor Party and the Greens are voting to keep in place for research and development a tax subsidy for multinational companies which the Labor Party themselves said they wanted to scrap when they were in government. We have a situation where the Labor Party and the Greens are working together—\textit{(Time expired)}

\textbf{Senator EDWARDS} (South Australia) (14:05): Mr President, I ask a supplementary question. Can the minister advise the Senate of the benefit of repairing the budget?

\textbf{Senator CORMANN} (Western Australia—Minister for Finance) (14:05): I thank Senator Edwards for that supplementary. The main benefit is that it actually helps us build a stronger, more prosperous economy where everyone can get ahead. In order to ensure that happens, we have had to make difficult but necessary decisions. The truth is that since September last year we have been able to make significant progress. We certainly have much further to go, but confidence is actually returning. If you look at what is happening in the marketplace, confidence is returning and we are looking forward to a good Christmas. I know it does not suit the Labor Party, but the truth is that across the community people are understanding that we found a set of difficult challenges, we had to make some difficult decisions in the national interest, we are progressing implementation of those difficult decisions and it will help us build a stronger, more prosperous economy over the years ahead.

\textbf{Senator EDWARDS} (South Australia) (14:06): Mr President, I ask a further supplementary question. Can the minister inform the Senate whether there are any alternative routes to fiscal repair?

\textbf{Senator CORMANN} (Western Australia—Minister for Finance) (14:06): I am quoting directly from the Deloitte Access report, which says May's budget is 'the only road map to structural fiscal repair Australia has. The opposition and minor parties have washed their hands of setting out detailed alternatives, preferring populist posturing.' 'Populist posturing' is actually not in our national interest. What is in our national interest is to have a serious look at the structural challenges we are facing with the declining terms of trade, with the ageing of the population, with falling workforce participation rates and, of course, with all of the spending decisions locked in by the previous government for the period beyond the forward estimates, increasing way beyond what our nation can afford. The Labor Party can keep the pretence alive, but we cannot afford to stick to the spending growth trajectory that you locked Australia into. It was a reckless and irresponsible thing to do, and it is time that you started focussing on the national interest.

\textbf{Defence Personnel}

\textbf{Senator LINES} (Western Australia) (14:07): My question is to the Minister for Defence, Senator Johnston. I refer the minister to the government's unfair pay deal for our service men and women. Given that the Prime Minister has now bowed to public pressure and partially backed down to reverse cuts to Christmas leave, and food and motor vehicle allowances, is it not time that the minister picked up the phone to tell the Prime Minister to back down fully and to stop the real pay cut for ADF personnel?

\textbf{Senator JOHNSTON} (Western Australia—Minister for Defence) (14:08): Given the length and breadth of the mess we are dealing with, can I tell you, we have to keep working at
trying to resolve the fiscal position, Senator, which your party bequeathed to us. As announced by the Prime Minister this morning, the government has notified the independent Defence Force Remuneration Tribunal that the changes to allowances are not supported by the government and that they should be discontinued. This results, firstly, from the fact that we have an ongoing good and close relationship with Defence Force personnel. That is something that those over there could never conceive to say because when they were in power all they did was bludgeon them and rip money out of the Defence Force budget.

After a long period of discussion with Defence Force personnel, we have resolved to look at mitigating the effects of what has been left to us by the former Labor government. Let me reiterate: the government has been talking to and listening to Defence Force personnel, particularly the lower and middle ranks, and has come to this equitable resolution.

Senator LINES (Western Australia) (14:09): Mr President, I ask a supplementary question. I refer the minister to the fact that almost 60,000 people have signed a petition calling on the government to improve the unfair pay deal to ADF personnel. Will the minister prove that he is a doer and not just a talker and ensure that ADF personnel do not suffer a real pay cut?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:10): May I assure the senator—not that she is particularly interested—that the terms and conditions of service currently enjoyed by Australian Defence Force personnel are far and away—

The PRESIDENT: Pause the clock.

Senator Moore: Mr President, I raise a point of order. I believe those comments reflect on the senator involved and I would ask the minister to remove those comments.

The PRESIDENT: I do not think there is a point of order there, Senator Moore.

Senator JOHNSTON: The terms and conditions of service, as laid out by this new government, are far and away better and more secure than ever they were under the Labor Party. Not a day goes by when the Prime Minister and I do not address the wellbeing of Defence Force personnel.

Senator LINES (Western Australia) (14:11): Mr President, I ask a further supplementary question. Let us get to the heart of who is really interested. I refer the minister to the Prime Minister's press conference when he named five coalition MPs who have lobbied him for a fairer pay deal for ADF personnel but did not name the minister. Given the importance of this issue to ADF personnel, why has the minister not lobbied for a better deal and why was he not invited to the Prime Minister's press conference?

Senator Back interjecting—

The PRESIDENT: On my right—Senator Back!

Senator Cormann interjecting—

The PRESIDENT: Senator Cormann!

Senator JOHNSTON (Western Australia—Minister for Defence) (14:11): In complete contrast to the disconnect in the day-to-day activities in Defence in the previous Labor government between Defence Force personnel and the two prime ministers, I do not need to lobby our Prime Minister. He knows what is going on in Defence, as do I. We work at these
issues together and, may I say, we have an extremely good relationship with Defence Force personnel.

Australian Public Service

Senator BERNARDI (South Australia) (14:12): My question is to the Minister Assisting the Prime Minister for the Public Service, Senator Abetz. Can the minister inform the Senate of the wage rises received by Commonwealth public servants over the last decade and how they compare to other benchmarks?

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): I thank Senator Bernardi for his question and acknowledge his commitment to a sustainable Public Service. I can advise him that Commonwealth Public Service wage rises have beaten inflation in nine out of the last 10 years. In 2012, Public Service median wages increased by 5.9 per cent compared to inflation at 2.2 per cent. In 2009, Public Service median wages increased by 6.4 per cent compared to inflation of 2.1 per cent. In fact, over the last decade, Commonwealth public servants have received annual median wage increases totalling 42 per cent, well above CPI increases totalling 28 per cent.

Senator Lines interjecting—

The PRESIDENT: Senator Lines, you have asked your question.

Senator ABETZ: However, as a result of the $123 billion of prospective deficits and $667 billion gross debt this government inherited from Labor, there is now minimal capacity for wage increases for public servants. Public Service wages are paid for by taxpayers. They need to be affordable, sustainable and in line with community expectations.

Senator Lines interjecting—

The PRESIDENT: Senator Lines! Senator Abetz?

Senator ABETZ: The 12½ per cent pay rise being sought by the CPSU is none of these things and jeopardises 10,000 Public Service jobs. The CPSU national secretary has twice acknowledged that, and I quote her: 'There are no easy savings left.' It is important to set an example, which is why remuneration for MPs and senior Commonwealth officeholders has been frozen and previously determined pay increases will not proceed. I am confident that most Public Servants understand the present situation. Mr President, I table a document showing media APS wage rises compared to CPI increases, and I note I do not need leave.

The PRESIDENT: Thank you, Minister. Senator Bernardi?

Senator BERNARDI (South Australia) (14:15): Mr President, I ask a supplementary question. I thank the minister and I ask him if he can advise the Senate of the reasons the CPSU has given for taking industrial action in the Department of Human Services this week in support of its unsustainable 12½ per cent wage claim, and whether these claims are valid or even consistent?

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 CPSU is giving one reason to the public for taking industrial action while telling DHS employees quite another. CPSU members have been instructed to read a text out to the public, saying that they are taking action because: 'Government has cut many thousands of Public Service jobs
over the last 10 years while nobly claiming that they are fighting for safer workloads and better services for you.' However, in internal DHS emails to other staff, CPSU members have been instructed to claim that they, 'reject the government's pay offer and are taking industrial action to support a fair and reasonable agreement for all DHS workers'—ending with a plea to join the CPSU. Both claims are false and show the CPSU is being two-faced; pretending to the public to be acting on the public's behalf, while pursuing an irresponsible wage claim. (Time expired)

Senator BERNARDI (South Australia) (14:16): Mr President, I ask a further supplementary question. Is the minister aware of claims that outsourcing is threatening Public Service jobs? Are these claims true and are there any Public Service functions being outsourced? If so, is the minister able to explain the reason?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:17): I am aware of such claims by both the CPSU and Senator Cameron, who claim records management outsourcing at Centrelink could lead to job losses. The outsourcing of records management at Centrelink was in fact set in train under Labor and will not lead to job losses. As far as other outsourcing is concerned, I can inform the Senate that the CPSU has used its own members' money to outsource to a private election company the ballots for protected action both at the Department of Human Services and Department of Veterans' Affairs. This is unbelievable given that the Public Servants at the Australian Electoral Commission could easily and would normally have conducted both ballots. To quote a letter from an AEC employee: 'CPSU members in the AEC are really annoyed at this slap in the face from their union. Some have resigned in protest. There is no excuse for this hypocrisy.' (Time expired)

Public Transport

Senator RICE (Victoria) (14:18): My question is to the Minister representing the Minister for Infrastructure and Regional Development, Senator Johnston. In light of the Victorian election result—an election which Prime Minister Tony Abbott labelled a 'referendum on the East West Link'—will the minister acknowledge that his government lost the 'referendum' and that the people of Victoria overwhelmingly voted for investment in public transport not for massive, polluting, new tollways?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:19): Thank you for that question. Let me begin by saying the two are not mutually exclusive. Let's talk about East West Link. Last week I indicated that this government is spending on infrastructure to 2019-20 some $50 billion around Australia. We are spending $7.6 billion in Victoria alone. It is very disappointing that the new Victorian government is looking at backing out of the commitment for us to fund about $3 billion to the East West Link. That program will have a significant impact upon the Victorian economy, but more particularly on local jobs. About 6,700 local jobs are involved with this program.

What the government wants to do is work with the new Premier in Victoria to see if there is a way forward, such that we can provide this important policy initiative to the people of Victoria. I explained in great detail some of the time abbreviations that this project, were it to be delivered, would provide to various parts of Melbourne. The six-kilometre link connecting the Eastern Freeway at Clifton Hill to CityLink, including 4.4 kilometre twin tunnels, saves an enormous amount of time for people travelling around Melbourne. The 12-kilometre link
between Appleton Dock and the Port of Melbourne to the Western Ring Road at Sunshine West provides similar convenience. The money has been put on the table for very good reason, and we should not discount it. *(Time expired)*

**Senator RICE** (Victoria) (14:21): Mr President, I ask a supplementary question. I remind the minister of the outcome of the election, or 'referendum', and that people overwhelmingly voted for public transport not the East West Link. So will the government reallocate the $3 billion committed to East West Link to infrastructure projects that Victorians really want—namely, public transport projects? Or will the federal government cut Victorians loose and take back the funding?

**Senator JOHNSTON** (Western Australia—Minister for Defence) (14:21): I can only say that this program, as I have outlined, is a big and positively beneficial program. And, given that there will be many buses and taxis using this connection, you would have to say that it would make a huge contribution to public transport in itself. I do not think 6,700 jobs should be scoffed at. I think this is important for Victoria and we will work with the new Premier to see if we can deliver it.

**Senator RICE** (Victoria) (14:22): Mr President, I rise to ask a final supplementary question. I draw the minister's attention to a recent report by the Tourism and Transport Forum on the economic return of investment in public transport where they outline the increased economic growth in areas of Sydney which benefitted from the development of the Epping-Chatswood rail link compared with the rest of Sydney. Given these economic benefits and the jobs benefits, why will the government not redirect the $3 billion of funding to public transport projects in Victoria?

**Senator JOHNSTON** (Western Australia—Minister for Defence) (14:23): I think there is a fundamental false premise in your question. When you talk of public transport, you seem to want to say that that is just about rail. This is not true. Buses and taxis use the roads. They are part of the public transport infrastructure. The fact is I have explained to you why we like this project and why we are prepared to invest in it. It is fundamentally good for Victorians. It is not mutually exclusive. States and the Commonwealth can negotiate about rail or about air or about shipping and other methods of public transport. But the bottom line is: this program is a very good program and should be pursued in cooperation with the new government in Victoria.

**Higher Education**

**Senator BACK** (Western Australia) (14:23): My question is to the Minister for Human Services, Senator Payne, representing the Minister for Education. Can the minister advise the Senate how students will be disadvantaged without the government's higher education reforms as amended?

**Senator PAYNE** (New South Wales—Minister for Human Services) (14:24): I thank Senator Back for the question. As the senator knows and a number of other Senators also know, the government has indicated it will accept Senator Day's amendment—a very sunlit Senator Day's amendment—to retain the indexation rate on student debt at CPI. I know there are a number of other senators in the chamber who are also very interested in that proposal. We will also support Senator Madigan's amendment in relation to a HECS indexation pause for new mothers and fathers. I believe that proposal has also interested for example, Senator
Wang. The government is open to other constructive proposals from members of the crossbench in the Senate and that discussion is ongoing.

But as Paul Kelly wrote in *The Weekend Australian*:

If the eminently defensible university reform compromise is not passed the result, as Universities Australia says, is that higher education will face an 'inevitable decline in quality, performance, competitiveness and reputation'.

That is what those opposite apparently want to have happen. But it is actually the students who will lose the most. In fact, Prof. Greg Craven of the Australian Catholic University has said just today that the higher education reform currently before the Senate will help to sustain the future of a system of uncapped government supported university places which has delivered so much opportunity for so many Australians.

As the chamber is aware, under the reforms the demand driven system will also be extended to sub bachelor places, making higher education even more accessible. However, Prof. Craven warns if the reforms are not passed, the ability of universities to provide opportunity and support to students from poorer neighbourhoods would be threatened. There would be less money available for scholarships. Tens of thousand of disadvantaged students would not get scholarships—*(Time expired)*

**Senator BACK** (Western Australia) (14:26): Mr President, I rise to ask a supplementary question. Can the minister appraise the Senate what other impacts will flow from failing to implement the government's higher education reforms?

**Senator PAYNE** (New South Wales—Minister for Human Services) (14:26): There is a number of other very serious impacts. Not only will there be fewer opportunities for students but there will be less scholarship support and, frankly, ultimately lower quality education. Amongst other impacts, 130,000 students will continue to pay loan fees of 20 and 25 per cent that other students do not have to pay, and those opposite do not care. Our universities are going to face a status quo situation which the universities say is unstable and uncertain as it was under the previous government with Labor's $6.6 billion of cuts, and those opposite do not care. Our $15-billion international education industry which has a dependency of about 130,000 jobs will end up at risk. Our research will also suffer. There will be no funds for the National Collaborative Research Infrastructure Strategy and some 1,500 people will lose their jobs. The no more future fellowships—*(Time expired)*

**Senator BACK** (Western Australia) (14:27): Mr President, I rise to ask a final supplementary question. Can the minister inform the Senate whether there are any credible alternative proposals to the government's higher education reforms?

**Senator PAYNE** (New South Wales—Minister for Human Services) (14:28): As I have already indicated, there are constructive proposals from members of the Senate crossbench. But there is absolutely nothing from those opposite. There is no plan, there is no credible alternative and theirs is the party that took $6.6 billion of cuts to higher education and research during their term. They left funding cliffs for the research fellowships and for infrastructure. No-one seriously believes that they have any idea on how to provide universities with the resources they need because they do not. Former Prime Minister Gillard lauded the demand driven system as one of her greatest achievements. Last week we had Senator Carr dropping hints about reimposing caps on places, closing the door to university inevitably for many low-SES students. Today they even flagged, I read, withholding funding...
Climate Change

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:29): My question is to the Minister representing the Minister for Foreign Affairs, Senator Brandis. With the United Nations Framework Convention on Climate Change meeting beginning in Lima today, does the foreign minister or the Australian state party delegation intend to formally or informally include a contribution from nuclear energy in Australia's post-2020 intended nationally determined contribution?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:30): Senator Milne, I take it that your question is an intended reference to the remarks that the foreign minister made that were reported in the papers yesterday about the importance of having a rational discussion—a 'rational discussion': two words very unfamiliar to the Greens, I know—about nuclear energy in this country.

May I say, Senator Milne, in view of your advocacy of alternative energy sources I wonder why it is that the Greens party are so theologically opposed to the possibility of a rational discussion of all options?

The PRESIDENT: Pause the clock. A point of order, Senator Milne?

Senator Milne: Yes, Mr President, my point of order is relevance. I asked specifically about Australia's intended nationally determined contribution.

The PRESIDENT: Thank you, Senator Milne. The minister has one minute and 16 seconds remaining to answer the question. I remind the minister of the question.

Senator BRANDIS: Senator Milne, I am not going to acquaint you with the Australian government's negotiating brief in Lima, but I can tell you what the Australian government's position in relation to this matter is. The government is committed to ensuring that Australians have ongoing access to reliable and competitively priced energy. We are also committed to acting on climate change domestically, as well as internationally. It is important that all energy options are on the table for discussion, and that was the point I was trying to make to you, Senator Milne. And it applies in international fora, by the way, just as much as it applies in domestic fora.

Senator Milne interjecting—

Senator BRANDIS: And do not shake your head at me, Senator Milne, because it is your party that steadfastly, resolutely, zealously and theologically refuses to countenance even the possibility of a public discussion of all options.

Now, Senator Milne, Australia is currently undertaking an energy white paper process, which will include a thorough consideration of traditional sources, including coal and gas. But as well, it will include the role of renewables and other low-emission energy sources, including nuclear. (Time expired)

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:32): Mr President, I ask a supplementary question. I note that the minister did not answer the question, so I will try another one. Given the $300 million shortfall in reaching the $10 billion target of the Green
Climate Fund at the beginning of the talks, will the Australian government make a contribution to build confidence in the global negotiating process, or will Australia undermine it by refusing to contribute to the Green Climate Fund?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:33): Australia means to be a constructive contributor to this discussion. The Australian government intends to be a constructive contributor to this discussion at both the domestic level and at the international level. But the point I am trying to make to you, Senator Milne, is that there are a variety of views available and if we are going to have a rational public discussion—whether here at home in Australia or in international fora—then all options should be considered.

Views change on this topic over time, you know, Senator Milne! Some years ago, in October 1981, the founder of your party, Dr Bob Brown, opined that coal fired power is the best option in an opinion article in the Hobart Mercury. That is not a view that Dr Bob Brown would adhere to today. But it is a view he did adhere to some 30 years ago, so views change as to the right energy mix—(Time expired)

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:34): Mr President, I ask a further supplementary question. I am hoping for a change of view here. Will the foreign minister, or the Australian delegation in Lima, correct the record and inform the German and French delegations that, contrary to the Prime Minister's statement, Australia intends to abolish the Clean Energy Finance Corporation so that it can make no contribution to greenhouse gas reduction?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:34): Well, Senator, I would not presume to say what Minister Bishop said to her counterpart French and German ministers in Lima last week, but what I can assure you of, Senator Milne, is that the Australian government will play a constructive role. We will continue to support funding for renewable energy, as we have done; we will continue to promote on the international stage our forward-thinking Direct Action policy, which is, in substance although not in rhetoric, almost identical to President Obama's policy in the United States, to which you devote so much time singing the praises; and we will contribute, in particular, by promoting a rational discussion in which a variety of views are on the table so that when these decisions are made they can be the best-informed decisions that they can be.

Asylum Seekers

Senator REYNOLDS (Western Australia) (14:35): My question is to the Assistant Minister for Immigration and Border Protection, Senator Cash. Can the minister inform the Senate of the government's policy actions which have reduced the number of children in detention?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:36): I thank Senator Reynolds for her question and her keen interest in this important matter.

Compared with September 2013, when the coalition took office, there are now 50 per cent fewer children in detention across the detention network and 75 per cent fewer children in
detention on Christmas Island. Delivering these results is something that those on the other side could not do, because it requires strong will and a resolve to take on the people smugglers and stop the boats. This is something that those on the other side have yet to grasp: if you stop the boats, you stop the number of children in detention. Offshore processing, turning back the boats where it is safe and appropriate to do so and working with our regional neighbours to end the scourge of people smuggling have all contributed to this government's policy success.

But we know from statements by the Leader of the Opposition that if those opposite were returned to power they would return to the chaos and tragedy of old, which ultimately would see an increase in the number of children in detention. At the height of Labor's policy failure, July 2013, there were 10,201 people in held detention, including 1,992 children. Our policy successes in getting children out of detention have meant that we have been able to close a number of detention centres, and in particular the family detention facilities in Darwin, Curtin in WA, South Australia and Christmas Island. All those facilities were opened under the former Labor government because of their failed policies. The irony of the position of those opposite, supported by the Greens, is that it was their policies that put children into detention and it is ours that are getting them out.

Senator REYNOLDS (Western Australia) (14:38): Mr President, I ask a supplementary question. Will the minister advise the Senate how the government's policies on children in detention compare to previous approaches?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:38): The sole reason we had children in detention was the policies of the former Rudd-Gillard-Rudd Labor governments, so vocally supported—

Senator Cormann: By the Greens.

Senator CASH: That is exactly right, by Senator Sarah Hanson-Young and the Greens. When the Howard government lost office in 2007, there were no children in detention. Under the former Labor government, however, we saw more than 50,000 people arrive here illegally, including 8,469 children. Under Labor and the Greens, record numbers of children were placed in detention, rising to a record 1,992 in July 2013. In September, when those opposite lost office, there were 1,392 children in held detention. This government's policies have systematically ensured that we have decreased those numbers. We have done it before; we will do it again.

Senator REYNOLDS (Western Australia) (14:39): Mr President, I ask a further supplementary question. Can the minister inform the Senate of the barriers to removing children from detention?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:39): As with so many policies that we inherited from those opposite, in terms of arrangements for bridging visas to ensure that we could let children out of detention, they were quite simply inefficient. In fact, they were a blank piece of paper. So what did we on this side do? Instead of just ticking a box, which is what those on the other side would have done, we ensured that we had the appropriate support arrangements in place for families and children so that we could release
them into the community with the appropriate support services on visas. Since Mr Morrison's announcement on 19 August 2014, almost 90 per cent of children under 10 and their families who arrived prior to 19 July last year have been released from held detention into the community. These changes represent good policy, common sense and a compassionate response to dealing with children in detention.

DISTINGUISHED VISITORS

The PRESIDENT (14:40): I draw to the attention of honourable senators the presence in the gallery of a parliamentary delegation from Kenya. On behalf of all senators, I wish you a warm welcome to Australia and in particular to the Senate.

Honourable senators: Hear, hear!

QUESTIONS WITHOUT NOTICE

Automotive Industry: Armoured Car Tender

Senator KIM CARR (Victoria) (14:41): My question is to the Minister representing the Minister for Justice, Senator Brandis. I refer to the statement by the Minister for Industry on 11 December 2013 in relation to the $6.2 million open tender for armoured cars that 'Holden didn't bid for the armoured car program.' Given that officials confirmed in estimates on 20 November that a joint Holden-BAE bid was in fact received, why did the minister fail to correct the record and allow the Australian people to be misled?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:41): I do not have a brief on that matter so I will take the question on notice.

Senator KIM CARR (Victoria) (14:41): Mr President, I ask a supplementary question. Can the minister confirm that Holden was selected as the preferred tenderer and that the government instead awarded the $6.2 million contract to BMW, which did not even submit a bid?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:42): I will take that on notice as well because, as a said, I do not have a brief on it.

Senator KIM CARR (Victoria) (14:42): Mr President, I ask a further supplementary question. Wasn't the Abbott government's decision to abandon negotiations with Holden and BAE simply part of its campaign to force the closure of automotive manufacturing in Australia?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:42): Although that is a little remote from my portfolio, the suggestion Senator Carr makes is utterly preposterous. Let us not forget who was the Minister for Manufacturing on whose watch the Australian automobile industry became uncompetitive and shed tens of thousands of jobs—it was you, Senator Carr. On your watch there was more job shedding in the Australian automotive industry than under any other the minister. When the Abbott government was elected, we found an industry on its knees as a result of your administration of the portfolio over six years. Senator Carr, you do have a hide, sitting beside your friend Senator Stephen Conroy and criticising tender processes. I remind you of the infamous
Australia Network tender which was awarded twice to Sky but was given to the ABC by Senator Stephen Conroy—(Time expired)

National Disability Insurance Scheme

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:44): My question is to the Assistant Minister for Social Services, Senator Fifield. Can the minister update the Senate on the latest quarterly results on the operation of the National Disability Insurance Scheme?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:44): I am pleased to be able to provide an update on the latest quarterly results for the National Disability Insurance Scheme, which were released on Friday. The latest quarterly figures include an update on the new trial sites here in the ACT, the Barkly region of the Northern Territory and the Perth Hills area of WA, which all commenced on 1 July this year. These new sites joined trial sites in the Hunter area of New South Wales and in the Barwon region in my state, as well is in South Australia and Tasmania, and they all commenced in July 2013.

The report shows that at the end of September this year there were 8,880 people with disabilities who had an approved NDIS plan at a total cost of $395.3 million. This represents 77 per cent of the bilateral target, which is holding steady since the last quarterly report. The cost of the average NDIS package, excluding the Stockton Centre residents in Newcastle, is $35,207, which is a slight increase on the previous quarter but does remain below the expected full scheme average of $36,750. The average length of time from application to commencement of services remained steady since last quarter at 95 days. Importantly, participant satisfaction levels remain very high, particularly in your home state, Mr President, and Senator Bushby's home state of Tasmania. It has the highest satisfaction rate of any trial site at 98 per cent.

I take this opportunity to very importantly congratulate and acknowledge the staff of the NDIS agency for their continued efforts at the trial sites. I think it is important to acknowledge and recognise that, for the staff of the NDIS agency, it is more than a job. They know when they get up every day that they are making a contribution to improving the quality of life of fellow Australians.

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:46): Mr President, I have a supplementary question. Can the minister advise the Senate on how the Commonwealth intends to progress the scheme in the new year?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:46): I can advise the Senate that negotiations with each state and territory will commence next year on the transition to the full scheme. Currently, we have a number of trials in place. The detail as to how we transition to the full scheme in each jurisdiction is yet to be determined. This detail will be finalised through a series of bilateral agreements to be negotiated between the Commonwealth and each jurisdiction.

The trial sites are doing what they were intended to do, which was to provide valuable insights into the scheme for the agency and all levels of government so that we could learn lessons and help inform the full scheme rollout. I look forward to working with my state and
territory colleagues as we nut out the details as to how we will all get to where we want to be, and that is having a nationwide NDIS that delivers the better deal that people with disability deserve.

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:47): Mr President, I have a further supplementary question. Can the minister provide the Senate with an update on Commonwealth funding for the NDIS?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:47): The government is, indeed, committed to rolling out the NDIS in full and has made full provision for it in the budget over the forward estimates. I remind colleagues that there is no good social policy without good economic policy, which is why it is so very important that the government is able to give effect to its economic strategy. Repairing the budget and paying back debt is the way to ensure a strong economy, and a strong economy is the ultimate guarantee for the NDIS, something which I know colleagues on all sides of this chamber are very keen to see rolled out in full. I emphasise again that the Abbott government has fully provided for the NDIS in the forward estimates in the May budget and is 100 per cent committed to rolling out the scheme in full.

Prime Minister's Office

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:48): My question is to the Minister representing the Prime Minister, Senator Abetz. Can the minister advise the Senate which of the Prime Minister's staff briefed members of the media last week that the Abbott government's $7 GP tax was 'shelved'? Why wasn't the Prime Minister told?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:48): I cannot confirm the assertion made in Senator Wong's question in any way, shape or form. It is media speculation upon speculation which now forms the basis of Senator Wong's thoroughly researched question. I have no comment to make on media speculation. To suggest that it emanated from the Prime Minister's office is, of course, speculation upon speculation.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:49): Mr President, I have a supplementary question. Can the minister advise the Senate which of the Prime Minister's staff briefed out that the new head of Prime Minister and Cabinet, Mr Thawley, has been tasked with rethinking the government's overarching economic strategy?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:49): For those who read Hansard, I would simply say, 'Read answer above.'

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:49): Mr President, I have a further supplementary question. Can the minister confirm that the Prime Minister's office did not advise the Treasurer nor his office before briefing out either of these stories to the national media?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:50): Once again, I indicate—

Senator Wong interjecting—
Senator ABETZ: Once again, Senator Wong cannot contain herself. It is interjections nonstop from this Leader of the Opposition in the Senate during question time, especially when her questions are based on such a flawed premise. I indicate that the whole premise of her question is rejected. For the opposition to base their question time strategy on media speculation is indicative of the paucity of their policy platform. All they can do is whinge. All they can do is whine, as we saw Mr Shorten do at the Press Club last week. It was a real 'dine and whine'. All dinner there was whining and not a single answer to the issues confronting this nation, including the budgetary mess that, as finance minister, Senator Wong left us. (Time expired)

HIV-AIDS

Senator SMITH (Western Australia) (14:51): My question is to the Assistant Minister for Health, Senator Nash. Given today is World AIDS Day, can the minister update the Senate about the government's current programs to help combat HIV-AIDS and blood borne illnesses?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:51): I thank Senator Smith for his question and his continuing interest in this issue. I would also like to acknowledge the work that he is doing as chair of the Parliamentary Friends of HIV/AIDS, Blood Borne Viruses and Sexually Transmitted Diseases.

The Australian government is investing $22.5 million over four years for prevention programs to help address increasing rates of sexually transmissible infections and blood borne viruses, including HIV, hepatitis B and hepatitis C. People with STIs are at least two to five times more likely than uninfected people to acquire HIV.

In 2012, there were more than 230,000 Australians living with a chronic hepatitis C infection, predominantly through sharing needles. More than 207,000 have hepatitis B. These diseases are preventable. That is why it is critical the government strengthen our efforts to support health service providers and tailor our safe sex and prevention messages so that they actually connect with the people most at risk. The program targets priority populations, including gay and bisexual men, Aboriginal and Torres Strait Islander people, culturally and linguistically diverse Australians, young people, people in rural and regional areas and people who inject drugs.

The government's program comprises $7.2 million to reduce high rates of STIs among Aboriginal and Torres Strait Islander priority populations, particularly in regional and remote settings; $1 million for point-of-care demonstration testing projects to increase the HIV testing rate by offering tests which provide rapid results; $5.1 million for needle and syringe programs, particularly in rural and regional areas; and $4.6 million to increase uptake of testing and treatment for hepatitis B among priority populations. Australia has been a leader in minimising the spread of these infections, and the new investment will build on this work.

Senator SMITH (Western Australia) (14:53): Mr President, I ask a supplementary question. Can the minister update the Senate on the Minister for Health's recent announcement about giving people access to HIV home testing and improving access to antiretroviral therapies?
**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:53): Testing and treatment for HIV has become easier and more accessible under changes being made by the Australian government. A restriction preventing the manufacture and sale of HIV home self-tests has been removed, and dispensing arrangements for HIV therapies are to be changed. This would enable Australians to test themselves for HIV in their own homes.

Companies can now apply to the TGA for approval to supply their test kits. The kits, if they meet Australia's rigorous standards and are approved, will be able to be sold direct to consumers. Home self-testing provides an additional testing option that complements current options and allows people living with HIV to learn their HIV status and seek appropriate treatment and support. Early diagnosis of HIV is critical to supporting Australians living with the condition to get the treatment they need sooner and to stop its spread.

**Senator SMITH** (Western Australia) (14:54): Mr President, I ask a further supplementary question. Can the minister advise the Senate of the new national strategies to target HIV, viral hepatitis and sexually transmitted infections?

**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:54): The five new and improved national strategies will provide a coordinated national response to HIV, hepatitis B, hepatitis C and STIs and a specific strategy targeting blood-borne viruses and sexually transmissible infections in the Indigenous community. The BBV and STI strategies were launched by the federal health minister on 7 July 2014.

It is an important time to renew our efforts through the five national strategies, which have been endorsed by all state and territory health ministers. These include the Seventh National HIV Strategy, the Fourth National Aboriginal and Torres Strait Islander Blood-Borne Viruses and Sexually Transmissible Infections Strategy, the Fourth National Hepatitis C Strategy, the Third National Sexually Transmissible Infections Strategy and the Second National Hepatitis B Strategy. The Australian government will continue to work in partnership with state and territory governments and key stakeholders through the recently released five national BBV and STI infection strategies.

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**Health Care**

**Senator POLLEY** (Tasmania) (14:55): My question is to the Minister representing the Minister for Health, Senator Nash. The Prime Minister recently said that claims that his decision to abolish bulk-billing incentives will reduce funding for diagnostic imaging are false. Is the Prime Minister correct?

**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:56): The Prime Minister is absolutely correct in his commitment to ensuring that we have a sustainable health system into the future. There is absolutely no doubt that it is only this coalition government that is prepared to take this country forward when it comes to a sustainable health system. We were left an economic mess by the previous Labor government that the Australian people elected us to fix. We will do that. That means that we have to take, occasionally, hard decisions, and this coalition government is prepared to do that. We are going to ensure that we have a sustainable health
system into the future, and we will be putting the strategies in place to ensure that that happens.

Senator POLLEY (Tasmania) (14:57): Mr President, I ask a supplementary question. I refer to page 2 of the Australian Diagnostic Imaging Association's report, Safeguarding patients, which states that the government will reduce funding of diagnostic imaging services by $188 million. I ask again, Minister, is the Prime Minister correct?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:57): The Prime Minister is correct and is correct in ensuring that we have the range of policies in place to ensure that we have a health system that works, a health system that is sustainable, unlike those on the other side, who seemingly could not care less if our future generations have a sustainable health system into the future—and we saw that by their actions when they were in government. They had six years to prove to the Australian people that they had any kind of vision for the future of the health system in this nation and they failed. We were left an economic mess by the previous Labor government that the Australian people have elected us to fix, and that is what we are committed to do. We will continue to take the decisions that are necessary to ensure that this country has a sustainable and prosperous future.

Senator POLLEY (Tasmania) (14:58): Mr President, I ask a further supplementary question. Does the minister agree with the Australian Diagnostic Imaging Association that tests for thyroid cancer could now cost Australians up to $1,326 in up-front fees? How many Australians will be deterred from seeking these tests as a result of this price hike?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:59): I do note that there has been a range of commentary around these issues, but I will say that it is this government that is actually focused on a big-picture future for this nation. It is this government that is focused on the national interest.
Senator NASH: I am not going to speculate on a hypothetical question from the opposition. We are bringing the policies into place to ensure that we have a sustainable health system into the future, unlike the previous Labor government, which simply had no plan for the future of this nation.

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

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Defence Procurement

Defence Personnel

Senator GALLACHER (South Australia) (15:01): I move:

That the Senate take note of the answers given by the Minister for Defence, Senator Johnston, to questions without notice asked by Senators Conroy and Lines today relating to the manufacture of the next fleet of Australian submarines and to Australian Defence Force terms and conditions.

The answers given by the minister, Senator Johnson, today to Senator Conroy clearly elucidated the situation we find ourselves in with this minister. He has no idea that the Prime Minister's office is backgrounding, is working at odds with the defence minister's portfolio. What is very, very clear is that 84 per cent of South Australians support the next generation of submarines to be built locally. We are almost approaching the majority of South Australian Liberal members of parliament supporting the next generation being built in Adelaide and honouring that promise that the minister made on that ill-fated day. On 8 May 2013 the then opposition defence minister said:

We will deliver those submarines from right here at ASC in South Australia. The Coalition today is committed to building 12 new submarines here in Adelaide.

And from that date onwards—

Senator Conroy: He didn't say that, did he?

Senator GALLACHER: absolutely—there has been prevarication, there has been an attempt to discredit the workforce in a totally despicable manner, there has been the leaking of the AWD, the Air Warfare Destroyer audit report prior to it being tabled in parliament. The minister had backgrounded the Financial Review; leaked it to discredit the good, loyal, hard-working workforce in South Australia.

What is happening now is there is an increasing tide of public opinion in Adelaide that is wholly and solely against what is happening. The minister's performance in all of that is totally reprehensible. It is really looking—

Senator Sterle: Incongruous.

Senator GALLACHER: almost 'incongruous' and stupid; thank you, Senator Sterle.

Senator Ian Macdonald: Incongruous!

Senator GALLACHER: Incongruous; thank you, Senator Macdonald. I note Senator Macdonald actually made a useful contribution during the week—

Senator Lines: No, he did not!

Senator GALLACHER: Yes, he did! He said that ministers should listen to the backbench and vice versa, that there should be a flow of information one way and a flow of information the other way. That is clearly not what is happening in the Minister of Defence's
area. There is no information coming out of the Minister of Defence's portfolio or office that is supported by many South Australians. Many South Australian Liberal members of parliament are as adamant as I, as Senator McEwen, as Senator Wong, as Amanda Rishworth, as Kate Ellis and Nick Champion—all of the Labor side is adamant that this is a once and for all opportunity to build on the defence state of South Australia.

Independent reports are saying that there could be as much as $250 billion of investment and tens of thousands of jobs over the next 40 years. In the next 40 years in South Australia: $250 billion of investment and tens of thousands of jobs. We know very clearly that this minister, having made a promise, has backpedalled. He has white-anted, he has double talked and he has come out with his infamous canoe statement last week—that is, he would not trust ASC to build a canoe. That drove shivers down the whole economy of South Australia. All of the small business community that relies on a trained and employed manufacturing sector in defence thought, 'Oh my goodness; is this really the Liberal Party taking this sort of a stand?'

It is probably time, as even all of the Liberal senators and members of parliament turn on their defence minister, that he walk the plank. That is it: walk the plank; over the side; deep six; out of the way. Put someone in the job who will actually look after defence, look after the national interests of Australia. If submarines are the spear upon which the defence of our great country lies, then we need better than this minister. We need a minister who is going to stand up for defence requirements, stand up for Australia's defence, stand up to the Prime Minister's office and have a complete competitive tender for this very important piece of vital defence infrastructure. Have a competitive tender that will be open and aboveboard and allow, most importantly, ASC and South Australian defence industries to compete on a fair and equitable basis with everyone else in the world who wants to do it. It really is time that this bloke walked the plank.

Senator COLBECK (Tasmania—Parliamentary Secretary to the Minister for Agriculture) (15:06): If the Labor Party is so concerned about the construction of submarines in South Australia, and they really want to know who ought to be looked at closely as to the situation we currently find ourselves in, then the first thing they should do is look in the mirror. There they would see a facsimile of Nero, fiddling while Rome burnt. The reality is that the decision around the construction of submarines for the Australian Navy should have been made two years ago.

But what did the Australian Labor Party do about the construction of submarines? They took $20 million out of the budget.

Senator Conroy: You have been in power for nearly 18 months.

Senator COLBECK: Yes, Senator Conroy, and we are continuing to clean up the mess that you left behind—we are continuing to clean up the mess that the Labor Party left behind on the economy, we are continuing to clean up the mess that the Labor Party left behind in respect of employment and we are continuing to clean up the mess that the Labor Party left behind with respect to the Defence Force. Ten per cent of Australian defence industry jobs disappeared on the Labor Party's watch. They are now crying crocodile tears.

Senator Conroy: You're in charge.

Senator COLBECK: Yes, we are now in charge, Senator Conroy, and I am happy to take your—
Senator Conroy: Well, do something!

Senator Lines: Not in Victoria!

Senator COLBECK: Somebody ought to put the lid back on the chip packet—please, so I can say what I would like to say. They might have a chance to say what they would like to say later. The Labor Party clearly dropped the ball. We have heard numerous times in this chamber that when we came to government there was nothing in the plan for submarines, and we have had to start to build that plan. That is what we are working on. We had a plan, which the Labor Party failed to do two years ago. As I said earlier, this decision should have been made two years ago, a year before we came to government. So we find ourselves in the situation of having to clean up another mess that the Labor Party left. Defence employment fell by 10 per cent because of budget cuts and deferrals. That is what we are doing.

What is the Labor Party's legacy in respect of submarines? They took $20 billion out of the budget for the future submarine program. Where was the South Australian Labor government during that period of time? In fact, where were the South Australian Labor members during that period of time? We did not hear a word from them at that point in time. Because of the complete failure of the Labor Party to act we have been left with having to pick up after them and having to develop a plan. We have to build a program and then we have to implement it.

Senator Conroy: You are going to give it to Japan.

Senator COLBECK: Senator Conroy continues to make allegations, continues to make things up, without any real evidence. We saw even the leader of the Labor Party this afternoon in question time asking questions about rumours. The basis of the Labor Party's questions in question time now is rumours. That is how shallow the Labor Party are. They completely failed in government. They completely failed manufacturing in government. There were 140,000 jobs lost when the Labor Party were in government. Some 140,000 manufacturing jobs disappeared under the Labor Party and yet, when we are trying to turn the economy around, when we are trying to turn around the mess that was left, they even voted against measures that they proposed themselves. They even voted against saving measures for the budget that they proposed themselves.

Senator Lines: You can't even turn a canoe around.

Senator COLBECK: Senator Lines, you did not even leave a canoe. You did not even leave that much as far as a plan was concerned for the Australian submarine project. (Time expired)

Senator STERLE (Western Australia) (15:11): I was listening intently to Senator Colbeck's rabble. I would like to add my comments to the debate on the answers that were given by Senator Johnston. I think the answers were rather extraordinary. Two words come to mind when I think of Senator Johnston's performance and not just on the ADF pay cut. The two words are: anus horribilis. Mind you, that could go for the whole Abbott government this year.

Senator Conroy: Annus.

Senator STERLE: Sorry, what a slip of the tongue—anus horribilis. Seriously, what a shocking situation when our defence forces not only are denied a pay rise to stay in line with the cost of living but effectively are getting a pay cut. When the minister was asked about what he has done to lobby the Prime Minister or the cabinet to overturn this ridiculous
situation they have found themselves in, he said he was not even there. He was not even in the room. He was not even at the press conference.

What I can take away from this is that the minister is way out of his depth—he is completely out of his depth. But I am not the only one who thinks that. I want to quote an article from The Australian by Dennis Shanahan. No-one on this side could ever accuse Dennis Shanahan of being a mad leftie. In fact, my opinion of Mr Shanahan is that he is the cheer squad leader for the government. From wonderful questioning by my mate Senator Gallacher a couple of weeks ago of the minister about the ASC in Adelaide, he came out with the shocking line that will always haunt his political career—and even once he has gone: that he would not trust them to build a canoe. Dennis Shanahan said on 27 November:

But the Prime Minister should act quickly, shift Johnston and cauterise not just the wound the Defence Minister has opened but wider self-inflicted wounds of political management.

There is no argument there. He goes on to say in the same article:

There is good reason for Abbott's loyalty because Johnston, as Defence Minister, is prepared to accept a good deal of prime ministerial military enthusiasm and interference, although unthinking loyalty coupled with stubbornness is not a luxury that leaders can afford.

These are very potent words. The Minister for Defence, the man who is entrusted with our military procurement, absolutely trashed our brand. He trashed the ASC brand in Adelaide. He absolutely infuriated the 3,000-plus workforce—those hardworking men and women, with skills that are not picked out of a Weeties box; they are skills that are gained after years and years on the job, and through TAFEs and the like—which, Mr Deputy President, you can relate to, because you yourself are a tradesman.

For the Minister for Defence to come out and say—he here in our parliament—and to have it broadcast on every bugle, both print and electronic—what the minister thinks of our defence capability is absolutely abhorrent. It is even more abhorrent that the Prime Minister can sit there and accept that ridiculous statement made by a senior minister, and not even give an apology—not even a simple, 'I really got that wrong; I absolutely apologise to all those hardworking men and women in South Australia.' No, no—we had weasel words. What was the phrase? It was just some rhetorical flourish. Goodness me, Mr Acting Deputy President, how can Australians have faith in not only this incompetent defence minister but also the Prime Minister? While we are on some of the shocking situations that we had this year: this year will go down as the year of broken promises. For a prime minister to go out there and to absolutely break every promise and every commitment that he had made—'no cuts to health, no cuts to education, no cuts to the pension, no cuts to the ABC, no cuts to the SBS'—that is just a continuation of lies and broken promises. And then, when our defence minister smacks 3,000 hardworking Australians in South Australia right in the gob, and makes that absolutely disgraceful statement—'we would not trust them to build a canoe'—our Prime Minister applauds him. He just sits there and protects him—disgraceful. (Time expired)

Senator IAN MACDONALD (Queensland) (15:16): In this building, there would not be a person more qualified than Senator Johnston to lead of the Department of Defence at the current time. Senator Johnston is a man of impeccable knowledge and commitment. He is a person who over many years has made it his business to know exactly what is happening and when it is happening. His knowledge of matters defence is absolutely incredible. I am proud to say that we on this side of the chamber have a number of serving and ex-serving senior
Army officers—and members will know that Senator Linda Reynolds, my colleague here, is a serving brigadier in the Army—and, notwithstanding the fact that we have a number of serving and former Army officers, I still say without fear of challenge that Senator Johnston knows his stuff and knows as much, and even more, about defence matters than most others in this place.

In his contribution to this debate, Senator Gallacher said something about listening to the backbench. I have to say, Mr Deputy President, that on our side of the chamber our ministers and our leaders actually do listen to the backbench; hence, I am delighted to see today that the Prime Minister has announced that the Remuneration Tribunal's decision to take away certain entitlements of defence force personnel has been actioned. That is because he listened to people, like me, who raised it—and I cannot tell you what happens at our party room meetings but certainly, in our Senate party room a couple of weeks ago, and in our joint party room last week, these were issues which were raised by me and by others. I am pleased to say that the minister and the Prime Minister actually listened to backbenchers on this side—and we are able to have an opinion, unlike Labor senators, who were famously described by one of their colleagues as 'lobotomised zombies' who were only there to rubberstamp the then Prime Minister's decisions—that was Ms Gillard. So not only is Senator Johnston good, but he also listens to advice from people who understand the defence forces and from people who, I might say, represent the electorates containing most of Australia's defence forces.

I would like to go on to the issue of shipbuilding: can I just start by saying that we would have a little bit more interest in what the Labor Party said, Mr Deputy President, if they had any credibility. We had an Antarctic ice-breaking ship that needed replacement—did Labor get Australian shipbuilding yards to build the replacement? Did they get ASC to quote for that replacement icebreaker to be used in the Antarctic? No; of course, they had one built overseas. That shows, more than anything, that the words of the Labor Party should be treated with the greatest caution, and it shows the absolute insincerity and hypocrisy of the Labor Party in all of this debate over the building of submarines. Do not listen to what they say; have a look at what they did, when they were in the position of having to have a ship replaced.

The Labor Party have run up a debt which is approaching $267 billion. Just for anyone listening, let me put that into perspective: that means that we Australians are paying a billion dollars a month in interest on Labor's debt. That is why this government has had to take action to try and address the budget deficit which the Labor Party has left. And because of that, money that we would like to spend in many aspects of the federal budget simply cannot be afforded. We have to rein back spending from everywhere. Politicians have had their salaries frozen for at least 12 months, because everybody has to play their part in trying to get the budget back in order. (Time expired)

Senator LINES (Western Australia) (15:22): I rise to take note of answers to questions to the Minister for Defence, Senator Johnston, on Defence Force pay. This is a minister who just cannot get it right. Whether it is submarines or defence force pay, he has clearly shown by his actions and his words that he has no respect for workers. It does not matter whether they are civilians or enlisted personnel, this is a minister who has no respect for workers at all. He has shown that over the last couple of weeks, because he has been absolutely incapable of moving on the harsh, mean-spirited pay offer to Australian Defence Force personnel. Indeed, in this
chamber this afternoon government senators have confirmed that Senator Johnston did not stick up for ADF personnel and that mean-spirited pay offer. He obviously was saying to the Prime Minister: 'It is a good deal; let's stitch it up,' because we have heard government senators here today claiming that it was five other coalition MPs who changed the Prime Minister's mind. Where was the defence minister on this? He was completely missing in action. I am not sure whether he is a barnacle or what he is, but it is certainly time that he walked the plank, because he has shown himself to be absolutely incapable of acting responsibly, whether it is on submarines or whether it is defence pay.

The Prime Minister has been no better on this issue. He talks about service and honouring your country in relation to ADF staff, but he obviously does not understand these notions. If he did, if he had just a skerrick of respect for the ADF, then he would not have shown such disrespect with his paltry pay offer of 1.5 per cent a year—less than inflation. That is less than the cost of living. It is like Defence personnel are paying the Prime Minister and the Defence Force for the honour of being enlisted. Is that what we have got to with this pay offer? On the one hand—as Mr Shorten, our leader, says—the Prime Minister wants this 'Team Australia' notion, but on the other he does not want to reward and recognise the efforts of our ADF personnel.

Today we have seen a partial backdown, but it is not a backdown. Let us be very clear about what has happened today. The Prime Minister has simply realised: 'Oops! I have gone too far.' That he has done so is not because of the work of five coalition MPs but because of the overwhelming disgust shown by ordinary Australians, who feel that the ADF deserve more. Now he has given them back the conditions which he was so willing and so quick to take off them; he has simply given that back. So let us see him move some more today on that paltry pay offer.

It is a shame that, along with the response from the Australian people to this disgraceful ADF offer, it took the loss of the Victorian election by the Liberals and the Nationals to get them to finally face some home truths. To face the fact that so much of what they do is harsh and cruel, and that this offer—Senator Conroy: Where was that election?

Senator LINES: In Victoria. They lost. In fact, the Nationals have almost disappeared as a party there, if I believe what I am reading in the media. This is one of their harshest moves. It is a cowardly attack on the ADF who are not able to speak out for themselves, not able to do anything but accept what has been given to them. Of course this cowardly attack by the Abbott government is an attempt to bully the public service, who are also bargaining with the government. The government has told them: 'Do not expect to get anything more than what Defence has got.' The Prime Minister is on the record as saying that. What the Prime Minister knows—we have seen the attack today from Senator Abetz—is that public servants have a union. We have now seen the biggest industrial action ballot in this country get up with overwhelming support from 95 per cent of union members, who say they will take industrial action to get a decent pay. They cannot be bullied like the ADF can. They cannot be disrespected. I am sure the Australian public will say that public servants are hardworking and deserving of a better deal. It is time that the Abbott government turned the ship around on ADF pay, sacked the minister and gave them a better deal.

Question agreed to.
Public Transport

Senator RICE (Victoria) (15:27): I move:

That the Senate take note of the answer given by the Minister for Defence, Senator Johnston, to a question without notice asked by Senator Rice today relating to the East West Link.

Minister Johnston said the government wanted to work with the people of Victoria and the new government in Victoria, yet the government is clearly not listening. In proceeding with the proposal to fund the East West Link, the federal government is ignoring the wishes of the Victorian electors and the results of the Victorian election. The results of Saturday's election show that Victorians do not want the East West Link. It was the Prime Minister himself who said that the election was going to be a referendum on the East West Link. It was, and the results are in. Victorians want investment in public transport, not massive, polluting, massively expensive new tollways. Opinion polls consistently show support for public transport over tollways. In his answer, Senator Johnston focused on the supposed benefits of the East West Link, yet neither his government nor the outgoing Napthine Liberal government was willing to release the business case for the East West Link to public scrutiny. It has been hidden from the public. Incoming Labor Premier Daniel Andrews has promised to release the business case. I look forward to seeing it, to see just how extremely expensive and economically unviable the East West Link is likely to be.

Senator Johnston then went on to try and justify the East West Link by saying it would be a route that buses and taxis would use. It would be an extremely expensive bus route—an $18 billion bus route. If the government was actually interested in funding bus projects, then it should be funding bus projects. An assessment by the Bus Association of Victoria shows that for less than a 10th of the cost of the East West Link, for about half a billion dollars, every resident of metropolitan Melbourne could be within a 10-minute walk of a bus service that operated every 10 minutes, taking people directly to a train station. This would be a fraction of the cost of the East West Link. It would immediately create jobs in the outer suburbs. It would immediately create a potential market for bus manufacturers.

It is important to spend our money wisely, particularly given the situation of decreasing revenues. Spending our money on a massively expensive tollway, as the government seems to be insisting on continuing to do, is not spending our dollars wisely. Infrastructure Australia did not assess the East West Link as a priority project. They have other projects in Victoria which they have assessed as priority projects. The Melbourne Metro has been considered by Infrastructure Australia and was assessed as being a priority project; but, for the ideological reasons of not funding public transport, that is not being considered by the federal government for funding.

There are many other public transport projects in Victoria that the Greens think would be potential priority projects that could benefit from federal funding, if Infrastructure Australia were given the opportunity of assessing them. Some of these are Doncaster Rail, signalling upgrades that would allow up to twice as many trains to use the existing rail network, airport rail and electrification and duplication is required of the rail line to Melton.

We are strongly committed to an Infrastructure Australia process of independent, thorough, transparent assessment before federal moneys are allocated to projects. This was blatantly not the case with the East West Link. We urge the government to recognise this and to realise that
we are now in different circumstances, with a new government in Victoria, and to work with that government, to listen to Victorians and to fund public transport.

Question agreed to.

NOTICES
Withdrawal

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (15:32): I, and also on behalf of Senator Xenophon, advise that we wish to withdraw Senate notice of motion No. 1 standing in our names.

Question agreed to.

BUSINESS
Leave of Absence

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (15:32): by leave—I move:

That Senators Fawcett and O'Sullivan be granted leave of absence for today for personal reasons.

Question agreed to.

COMMITTEES
Select Committee on Health
Meeting

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (15:32): by leave—At the request of the Chair of the Select Committee on Health, Senator O'Neill, I move:

That the Select Committee on Health be authorised to hold a private meeting otherwise and in accordance with standing order 33(1) during the sitting of the Senate today, from 3.40 pm.

Question agreed to.

NOTICES
Presentation

Senator Smith to move:

That the Joint Select Committee on Trade and Investment Growth be authorised to hold private meetings otherwise than in accordance with standing order 33(1) during the sittings of the Senate, as follows:

(a) Thursday, 12 February 2015;
(b) Thursday, 5 March 2015;
(c) Thursday, 19 March 2015; and
(d) Thursday, 26 March 2015.

Senator Smith to move:

That the Joint Select Committee on Northern Australia be authorised to hold private meetings otherwise than in accordance with standing order 33(1) during the sittings of the Senate, as follows:

(a) Tuesday, 10 February 2015;
(b) Tuesday, 3 March 2015;
(c) Tuesday, 17 March 2015; and
(d) Tuesday, 24 March 2015.

Senator Xenophon to move:
That there be laid on the table by the Minister for Defence, no later than 4 pm on Wednesday, 3 December 2014, the following:
(a) the report on the independent review into the performance of the Hobart Class Air Warfare Destroyer Program conducted by Professor Don Winter and Dr John White;
(b) a statement of reasons as to why any information is commercial-in-confidence and the possible harm it might cause, and where that information has been redacted from the report;
(c) any summary that has been made of the report;
(d) any document that provides the findings, or outlines the findings of the report; and
(e) any document that outlines the reasons for the findings.

Senator Milne, Senator Wong and Senator Abetz to move:
That the Senate—
(a) notes:
(i) the fundamental principle of freedom of the press,
(ii) the arrest and protracted detention of Australian journalist, Mr Peter Greste, and his two Al Jazeera colleagues, Mr Mohamed Fahmy and Mr Baher Mohamed,
(iii) that Mr Greste and his colleagues have now been imprisoned in Cairo for 340 days, and
(iv) that an appeal date has now been set for 1 January 2015;
(b) calls on the Egyptian Government to ensure a fair, just and timely resolution to the appeal process;
(c) expresses deep support for Mr Greste and his colleagues, and their role as journalists in reporting the news without fear or favour; and
(d) welcomes the reported comments from President al-Sisi that he is considering a pardon and release in relation to this case.

Senator Whish-Wilson to move:
That there be laid on the table by the Minister representing the Minister for Trade and Investment, no later than noon on 3 December 2014, the substantially-concluded text of the China—Australia Trade Agreement.

Senator Hanson-Young to move:
That there be laid on the table by the Assistant Treasurer, no later than 3 pm on 4 December 2014, a copy of the final report of the Productivity Commission’s inquiry into child care and early childhood learning.

Senators Siewert and Moore to move:
That the Senate—
(a) acknowledges that 3 December is International Day of Persons with Disability;
(b) notes:
(i) that the theme for 2014 is ‘Sustainable Development: The Promise of Technology’, and
(ii) the role of technology as a way to break down barriers for people with disability in participating in all aspects of political, social, economic and cultural life; and
(c) calls on governments to work to harness the power of technology to promote inclusion and accessibility to help realise the full and equal participation of persons with disability in society.
Senator Rice to move:  
That the Senate—
(a) notes:
   (a) that the Prime Minister labelled Victoria’s state election a referendum on the former government’s proposed East West Link toll road, and
   (ii) the change of government in Victoria which has resulted from that election; and
(b) calls on the Government to redirect the $3 billion in Commonwealth funding allocated for the East West Link to public transport projects in Victoria that have been assessed by Infrastructure Australia and that have demonstrated benefits exceeding costs.

Senator Fifield to move:  
That on Tuesday, 2 December 2014:
(a) the hours of meeting shall be 9.30 am to 10.40 pm;
(b) the routine of business from not later than 7.20 pm shall be government business only; and
(c) the question for the adjournment of the Senate shall be proposed at 10 pm.

Senator Rhiannon to move:  
That the Senate—
(a) notes that:
   (i) the current Member for Warringah stated in 1997, in reference to development on Middle Head in Sydney Harbour, that he had organised a number of protest meetings and campaigned strongly to ensure this piece of heritage was not lost to the people of Sydney and Australia,
   (ii) Liberal branches in the Warringah electorate have expressed concerns about the proposed development, including the Mosman Liberal Branch that passed a motion calling on the Government to reject the development and instead work with the community towards a truly adaptive use of the present buildings;
   (iii) a report on fire risk on Middle Head prepared by a former Australian Capital Territory chief fire control officer, Mr Roger Fenwick, noted that the current development proposal does not meet New South Wales fire protection standards for aged care facilities; and
(b) calls on the Minister for the Environment, Mr Hunt, to reverse his approval for the proposed development application, and to not accept any new or amended application for development on the 10 Terminal site at Middle Head.

Senator Hanson-Young to move:  
That the Senate calls on the Assistant Minister for Immigration and Border Protection to explain to the Senate the Government’s reasons for detaining two pregnant women, who have been found to be genuine refugees and have been living in the community in Nauru, against their will.

Senator Lambie to move:  
That the following bill be introduced: A Bill for an Act to link pay for members of the Defence Force to pay for Parliamentarians or to CPI, and for related purposes. Defence Amendment (Fair Pay for Members of the ADF) Bill 2014.

Postponement  
The following items of business were postponed:
Business of the Senate notice of motion no. 3 standing in the name of Senator Di Natale for today, proposing a reference to the Community Affairs References Committee, postponed till 3 December 2014.
General business notices of motion nos 508, 519, 531, 543 and 553 standing in the name of Senator O’Sullivan for today, postponed till 2 December 2014.

COMMITTEES

Legal and Constitutional Affairs References Committee

Reporting Date

Clerk: I notify the Senate that an extension proposal has been lodged by the Legal and Constitutional Affairs References Committee in respect of its inquiry into the revision of the Telecommunications (Interception and Access) Act for an extension until 12 February 2015.

The DEPUTY PRESIDENT (15:33): I remind senators that the question may be put on any proposal at the request of any senator.

BUSINESS

Leave of Absence

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:34): by leave—I move:

That leave of absence be granted to Senate Di Natale from 1 to 4 December 2014, on account of portfolio business.

Question agreed to.

The DEPUTY PRESIDENT: I shall now proceed to the discovery of formal business. Are there any formal motions?

Senator HANSON-YOUNG (South Australia) (15:34): I just missed notices of motion. Could I seek leave to sign it and send it in?

The DEPUTY PRESIDENT: Yes, I think with the indulgence of the Senate you could do that. Leave is granted.

COMMITTEES

Foreign Affairs, Defence and Trade References Committee

Reference

Senator GALLACHER (South Australia) (15:35): I move:

That the following matter be referred to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by 18 June 2015:

The Commonwealth’s treaty making process, particularly in light of the growing number of bilateral and multilateral trade agreements Australian governments have entered into or are currently negotiating, including:

(a) the role of the Parliament and the Executive in negotiating, approving and reviewing treaties;
(b) the role of parliamentary committees in reviewing and reporting on proposed treaty action and implementation;
(c) the role of other consultative bodies including the Commonwealth–State–Territory Standing Committee on Treaties and the Treaties Council;
(d) development of the national interest analysis and related materials currently presented to Parliament;
(e) the scope for independent assessment and analysis of treaties before ratification;
(f) the scope for government, stakeholder and independent review of treaties after implementation;
(g) the current processes for public and stakeholder consultation and opportunities for greater openness, transparency and accountability in negotiating treaties; and

(h) related matters.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: This proposal would result in a costly and senseless duplication of work already conducted by the Joint Standing Committee on Treaties—the specialist committee established to deal exclusively with treaties. Extensive parliamentary inquiries have already been conducted into the treaties process. Key reforms, including the establishment of JSCOT, were implemented by the Howard government. The most recent inquiry took place two years ago. Establishing another inquiry now would be a waste of resources. The proposal is consistent with the previous government's style of operation. It is useful to recall that treaty making is an executive function of government rather than the function of parliament. In spite of this, the parliamentary processes already in place have highlighted the extent of the consultation process with stakeholders. This includes JSCOT's consideration of both the KAFTA and the JAEPA.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator WHISH-WILSON: Nearly two years ago, the Greens proposed a similar inquiry to this to look at the treaty process and how we might open it up and improve it. We have had numerous discussions with Labor and various members of the Foreign Affairs Defence and Trade Committee. Earlier today we sat down with Senator Gallacher and agreed to some amendments to support this motion, but I understand those amendments have not been made. The Greens will not be supporting this until we have had those amendments agreed to by Labor.

Senator GALLACHER (South Australia) (15:37): Mr Deputy President, I would seek some advice. The process had been working in consultation with the Greens, and we have agreement on the amendments. We thought we had agreement from the chair of the Foreign Affairs Defence and Trade Legislation Committee and so we were proceeding on the basis that this would not be opposed. But we now find—

The DEPUTY PRESIDENT: I am not sure that I can give you guidance, but if you are seeking leave to make a statement to clarify where we are at, I think you should do it that way, Senator Gallacher.

Senator GALLACHER: I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator GALLACHER: We were proceeding on the basis that there was consensus in respect of this, including consensus on some amendments from the Greens. I have been dealing with the chair of the legislation committee as late as during question time and so I am a bit bemused about why we now appear to have opposition to what I thought was agreed. Perhaps if Senator Fifield could confirm the government's position.
The DEPUTY PRESIDENT: If you were seeking some advice from me, you do have the option by leave to postpone it, but otherwise I will put the question.

Senator GALLACHER: I seek leave to postpone the motion.

Leave granted.

NOTICES

Postponement

Senator GALLACHER (South Australia) (15:39): I move:

That business of the Senate motion No. 2 be postponed till the next day of sitting.

Question agreed to.

MOTIONS

Youth Connections Program

Senator WRIGHT (South Australia) (15:39): I move:

That the Senate—

(a) notes that:

(i) the Youth Connections program has assisted hundreds of disengaged young people to reconnect to education, training or employment,

(ii) funding to the program has been cut by the Federal Government, and will officially end on 31 December 2014,

(iii) the Government has not allocated any funds to any similar or replacement program,

(iv) this will be the first time in 20 years there is no federally funded program to assist young people to re engage with pathways to future work and education, and

(v) young people across Australia, especially those who are disadvantaged, will miss out on vital support provided by the Youth Connections program; and

(b) calls on the Government to reinstate the funding for this effective and necessary program.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (15:40): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator RYAN: The Youth Connections program was initially funded in 2010 under the National Partnership Agreement on Youth Attainment and Transitions. After it ran its course, it did not meet the targets set out for it in that agreement. Upon its expiry the previous Labor government did not refund this program; it simply kicked the can down the road for 12 months and provided one year of extra funding. There was no further funding or budget allocation for it in the forward estimates whatsoever. The government will be opposing this motion. The government is investing a record amount in schools and trade support activities funding for young people in Australia.

Question agreed to.

DOCUMENTS

Income Management Proposals

Order for the Production of Documents

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:41): I move:
That there be laid on the table by the Minister representing the Minister for Social Services, no later than 5 pm on Wednesday, 3 December 2014, the report into income management in the Northern Territory, Evaluating new income management in the Northern Territory, final report.

Question agreed to.

MOTIONS

World AIDS Day

Senator SINGH (Tasmania) (15:41): I, and also on behalf of Senator Smith, move:

That the Senate—

(a) notes that:

(i) 1 December 2014 is World AIDS Day,
(ii) the aim of World AIDS Day is to:
(A) encourage all Australians to be aware of HIV,
(B) take action to reduce the transmission of HIV by promoting safe sex practices, and
(C) ensure that people living with HIV can participate fully in the life of the community, free from stigma and discrimination,
(iii) in July 2014, Australia hosted the AIDS 2014 conference in Melbourne which highlighted that it was possible to end HIV globally by focusing on evidence based programs, such as increasing access to HIV testing and treatment, improving treatment options and implementing prevention tools like harm reduction, and
(iv) while much has been achieved, the challenge to combat HIV/AIDS remains with new HIV infection rates in Australia being at their highest in 20 years; and

(b) recognises:

(i) Australia's resolve to work with governments, the business community and civil society across the region to reach the goals that the international community has set—zero new infections, zero AIDS related deaths and zero discrimination,
(ii) the work of current and previous Australian governments in the development of national strategies to address HIV infection, and
(iii) the release on 7 July 2014 of the 7th National HIV Strategy and its commitment to working towards achieving the virtual elimination of HIV transmission in Australia by 2020, reducing the morbidity and mortality caused by HIV, and minimising the personal and social impact of HIV.

Question agreed to.

DOCUMENTS

Ipswich Motorway

Order for the Production of Documents

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (15:42): At the request of Senator Ludwig, I move:

That there be laid on the table by the Minister representing the Treasurer (Senator Cormann), by 3.30 pm on Wednesday, 3 December 2014, any documents held in relation to the contents of a letter dated 6 February 2014 from the Hon. Warren Truss MP to the Hon. Scott Emerson MP (QLD ref:MC73750/Federal ref:05543 2013) which details the Australian Government's commitment to the Ipswich Motorway, Darra to Rocklea, project of $279 million.

Question agreed to.
MOTIONS
Supertrawlers

Senator WHISH-WILSON (Tasmania) (15:42): I move:
That the Senate—
(a) notes:
(i) the report of the expert panel on a declared commercial fishing activity, Final (Small Pelagic Fishery) Declaration 2012, has been released,
(ii) the report found a super trawler would negatively impact on protected species such as seals, dolphins and sea birds, and
(iii) the statement by the Prime Minister (Mr Abbott) on 4 March 2014 that 'the super trawler is banned from Australian waters…it was banned with the support of members on this side of the House. It was banned; it will stay banned'; and
(b) calls on the Government to introduce legislation banning super trawlers from Australian waters.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: The coalition is taking a mature and measured approach to this issue, unlike Labor and the Australian Greens, who bungled the issue when they were in government. The coalition is considering closely the findings of the first independent report. We would also like to make it clear that the supertrawler is still banned under the second declaration until April 2015. Seafish Tasmania have also publicly ruled out bringing back the supertrawler. With this motion the Greens are calling on government to legislate for something before all the issues have been properly considered. By contrast the coalition takes a balanced view of these matters. The coalition listens to local communities, as well as reviewing the relevant science. The coalition has said it would develop a permanent solution to this issue, and that is exactly what the government intends to do.

Senator WHISH-WILSON (Tasmania) (15:44): Mr Deputy President, I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator WHISH-WILSON: We have moved this motion because we have had a longstanding amendment to the private senator's bill to ban supertrawlers with a freezing capacity of over 2,000 tonnes. The Greens and many Australians right across this country—in the environment movement, in the recreational fishing industry and even in the commercial fishing industry—do not want to see large industrial floating factories in this country. They have broken the ocean everywhere they have been around the world and now they are trying to get into Australia.

Recently, a scientific panel of independent experts found that there were significant risks even with mitigation measures in place for this type of fishing. We believe that we are taking a mature, rational and sensible approach. We have consistently been accused of being anti-science by Senator Colbeck, who incidentally has been out spruiking supertrawlers at community forums—including inviting the media along to these meetings. Seafish has not publicly ruled out bringing back a supertrawler. We are at risk of seeing these boats come
back and we need to put in place a legislative ban, with the onus being on any new operator to overturn that ban on evidence.

The DEPUTY PRESIDENT: The question is that general business notice of motion No. 552 be agreed to.

The Senate divided. [15:49]

(The Deputy President—Senator Marshall)

Ayes ..........................12
Noes ..........................33
Majority ......................21

AYES

Di Natale, R .............................. Hansen-Young, SC
Lambie, J ................................ Ludlam, S
Milne, C ................................ Muir, R
Rhiannon, L .............................. Rice, J
Siewert, R (teller) ......................... Waters, LJ
Whish-Wilson, PS ........................ Wright, PL

NOES

Back, CJ ........................................ Bilyk, CL
Bullock, J.W. ............................... Bushby, DC
Cameron, DN .............................. Canavan, M.J.
Colbeck, R ................................. Collins, JMA
Dastyari, S .................................. Day, R.J.
Edwards, S ................................... Fifield, MP
Gallacher, AM .............................. Ketter, CR
Leyonhjelm, DE ............................. Lines, S
Ludwig, JW ................................. Lundy, KA
Madigan, JJ ................................. McGrath, J
McKenzie, B ............................... Mclucas, J
Moore, CM .................................. ONeill, DM
Polley, H .................................... Reynolds, L
Ruston, A .................................... Seselja, Z
Singh, LM ................................. Sinodinos, A
Smith, D .................................... Urquhart, AE (teller)
Williams, JR .............................

Question negatived.

MATTERS OF URGENCY

Corporate Tax Evasion

The DEPUTY PRESIDENT (15:52): I inform the Senate that the President has received the following letter, dated 1 December, from Senator Siewert:

Pursuant to standing order 75, I give notice that today I propose to move "That, in the opinion of the Senate, the following is a matter of urgency:

The Treasurer's failure to tackle corporate tax evasion."

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 MILNE (Tasmania—Leader of the Australian Greens) (15:53): I move:

That, in the opinion of the Senate, the following is a matter of urgency:

The Treasurer's failure to tackle corporate tax evasion.

Australia has a revenue problem. It is not a budget emergency; it is a revenue problem. The biggest contributor to the revenue problem is the failure of corporations in Australia and multinational corporations to pay an appropriate amount of tax. The Treasury secretary, Mr Parkinson, in a speech just in the last few days, hit the nail on the head. He strongly put to Australian business that there had been a complete and utter lack of leadership on taxation reform from business. He said that the ethos was 'take from the citizenry at large and give it to us'. That is very much exactly what we see from multinational corporations operating in Australia and big business in Australia. Frankly, the Abbott government facilitates big business in going about this ethos of 'take from the citizenry at large and give it to us'.

The classic case we have seen in the lack of leadership on corporate tax was, of course, the Abbott government's decision to abolish the carbon price. This is a case of 'take from the citizenry and give it back to us' the big polluters in Australia. But there was also the mining tax—get rid of the mining tax but take out of the pockets of the citizenry all of those measures that the mining tax was to fund and that have, of course, been kept. It is Prime Minister Abbott's choice to spend more than $5 billion in the next two years partly to support the war in Iraq and partly to facilitate the deal that the Prime Minister's office has done with Mr Palmer from the Palmer United Party to abolish the mining tax. So do not come in here and tell us that there is a problem caused by anyone other than the big end of town saying 'take from the citizenry at large and give it to us'.

Tax evasion absolutely comes into this. Tax minimisation, in terms of the loopholes, is one thing; then there is outright tax evasion. Globally, everybody knows that multinational corporations are essentially just moving their taxable income around the world so as to avoid paying tax. We have seen it in absolutely blatant terms from companies like Google, for example and Apple. In fact, there are billions of dollars that they have not been paid tax on, because they have been able to move their income around the world.

The G20 was supposed to deal with this. At the G20 there was an agreement that exchange of information automatically between G20 countries would occur by 2017. What did Australia do? Australia pushed for having us be subject to completing the necessary legislative procedures by 2018—to push it out by a year. Why did we do that? Why weren't we one of the early movers? It is no use the Treasurer standing up and talking about tax evasion and then getting himself along to the G20 and pushing out Australia's obligation in order to give business another year. When asked why he had pushed it out and why Australian officials could not be one of the early movers, he said that it was because big business in Australia was not prepared to agree to it and get ready in the time frame. That is exactly what we have going on.
What do we need to do? We need to require large corporations to provide more public disclosure and transparency. That is the first thing, because nobody is aware of the extent to which they are hiding their capacity to pay tax, of where they are hiding their money or, in fact, of how they are minimising their tax. We need to increase the fines for tax evasion and extend laws to effectively cover the full range of corporate tax avoidance strategies. We need to eliminate or restrict the use of stapled securities for tax arbitrage according to the global norms. We need to ensure that the Australian Taxation Office is adequately funded and staffed. The Treasurer stands up and says that he wants to make a focus on tax evasion but then sacks from a tax office the very people who might actually be able to do the work. And where do they go? They get picked up by KPMG, PricewaterhouseCoopers, Ernst & Young and Deloitte. And what do they do over there? They advise their corporate clients how to minimise and avoid tax. You cannot tell me that a government that was serious about cracking down on tax evasion and tax minimisation and about ending the loopholes would sack the very people in the tax office whose job it was to do that work, only to see them go across to those corporations that are making a fortune out of assisting those very same companies in avoiding their tax obligations.

If the government were serious about this, it would also have been leading the G20 to adopt tough and effective global rules to combat corporate tax dodging. But instead of that we have just had that huge dump of information about what has been going on in Luxembourg, for example, with corporations from around the world putting their money into the procedures overseen in Luxembourg. Now we are expected to believe that these companies are in any way serious.

There have been many stories written lately as to ways in which this could be done, but I have in the Senate here a 'publish what you pay' piece of legislation. I am glad to say that a delegated committee has just passed this legislation in the House of Commons and I would like to get support for it here in Australia. It is a legally binding requirement for large companies involved in natural resource extraction to provide in their annual reports details of the payments they have made to governments across the world on a project-by-project basis. We need to know what deals have been done with these governments and how they have been paid off, because we know that when that money goes into those poorer countries it goes into the pockets of the officials to give them especially good rates on everything and to avoid their responsibilities. In the absence of strong democratic institutions and stronger governance the people of those countries are unable to hold corrupt officials to account and those officials siphon off the money. We are going to see exactly that when the Australian government pays Cambodia. Ministers in the Hun Sen government will have that in their back pockets. There is no way that it will go to help refugees on the ground there.

But the first thing you could do—a really obvious fix for tax dodging—is to make it mandatory for all foreign subsidiaries to be disclosed in financial statements. The Tax Justice Network, for example, noted in 2013:

BHP had 462 subsidiaries in 49 countries; tax payments were disclosed in 12 countries, but not in the other 37 countries with 128 subsidiaries. Rio Tinto had 926 subsidiaries in 71 countries; tax payments were disclosed in 28 countries, but not in the other 43 countries with 111 subsidiaries.
So why wouldn't you require these corporations based here to actually nominate their subsidiaries so you can see where they are transferring their taxable income in order to avoid tax?

We are also told that there is going to be a crackdown on tax havens, but we have yet to see that. Of course, we saw at last year's federal election in the caretaker period when the tax office chose not to challenge the court ruling on the $880 million rebate being paid the from the tax office to Rupert Murdoch's corporations. To this day I have not been able to find out who authorised the tax office to decide not to challenge that in court. Why should Rupert Murdoch's companies be able to get away with what they have managed to get away with, and that is all money coming out of the budget. If we want to fix things in Australia we need to raise revenue and that means a serious effort to crack down on tax evasion; not take it out of the pockets of the poor, the sick and the unemployed. The big end of town is taking from the citizenry and they intend to keep on doing it. We will stand up against it. (Time expired)

Senator EDWARDS (South Australia) (16:03): It pleases me to rise to speak on this issue today:

The Treasurer's failure to tackle corporate tax evasion.

Senator Milne, it would—

The DEPUTY PRESIDENT: Senator Edwards! Through the chair!

Senator EDWARDS: I do take note of Senator Milne's contribution. The usual links that the Greens have with an Iraq war and the carbon tax come into play. Why, I am not really quite sure, because when you were in your three years of coalition we did not hear any of these things from you in your cosy coalition with the Labor Party then, who were in government. In actual fact it is indeed this government which has gone about the reform that this country requires. It is somewhat shrill to see this here, as if it is some kind of new issue that has beset countries all around the world and indeed Australia. I notice that Senator Milne's contribution referred to the G20. Well, we put it on the agenda in the G20. This is a global issue. This is something that we are very concerned about. To come into this chamber and suggest that we are not concerned about it and suggest they, the Australian Greens party, are the only ones with the moral and economic guidance in Australia today—what absolute nonsense. It just highlights the Greens populism and the crass dishonest politicking they do often resort to when they reach to please their electoral fringe.

It is the coalition government that has asked the Commissioner of Taxation to redouble his efforts in tax avoidance. I did not hear anything from the Greens party when they were in their cosy coalition—nothing at all.

Senator Dastyari: 4,700 less staff?

Senator EDWARDS: Oh, we've just had a little thought bubble over there! Let's have a go at this. We are on the job. We have been in over 12 months and we are on the world stage with this one.

Senator Dastyari interjecting—

The DEPUTY PRESIDENT: Order!
Senator EDWARDS: In the conduct of tax reform of this nature, no nation can allow itself to be an island. Reform in isolation would only lead to the transfer of our economic activity to other jurisdictions.

Senator Dastyari interjecting—

Senator EDWARDS: Have you ever heard of that? That's right, we did that with a carbon tax, didn't we. We had the carbon tax that we were going to lead the world with. Unfortunately, the world did not follow us. So here we are again going to do something in isolation. Come on! It is a globalised place out there now and all we do if we do it in isolation is export the jobs. It is a global issue and that is why it was brought up on the global stage. At least in the contribution that the Leader of the Greens made they did refer to the G20, which is the appropriate global forum for this to be brought up at.

To date the important work of this government covers 15 specific action items to address tax avoidance by multinational companies. I will give some idea to those that may be listening to this contribution. It includes increasing transparency in the tax system through country-by-country reporting, which will provide tax authorities with a clear overview of the location of profits, sales and assets, and where taxes are to be paid and accrued. I hope you are taking note, because this is actually going on. This is not just some empty little thought bubble in the morning: ‘What are we going to have an urgency motion about in the chamber today?’ The Greens say that businesses are shirking their responsibility and that the tax system is principally funded by the poor, who they say are subsidising the rich, who in turn do not pay their taxes either. That is not just a gross falsehood and intellectually dishonest; it is so easily shot down with the red pen of anyone informed in these matters.

One wonders how such an argument can possibly take flight in the first place. Well, it takes flight because it suits the Greens' politics of envy. This is their special brand of dog whistling. That is why they so eagerly pushed the recent report by the Tax Justice Network. What a lovely cover that is! It sounds nice! The report is a piece of fiscal fiction that should embarrass its supporters as much as its authors. It is claimed that the ATO is missing out on $8 billion in forgone revenues due to tax avoidance. You do not think that we would be onto that? We are all over here playing golf every day that we come to work!

I might note who the authors actually are. The Tax Justice Network consists of such unions and left-wing activist groups as the ACTU, the Australian Education Union, Greenpeace, Oxfam Australia and Victorian Trades Hall.

Senator Dastyari: Oh no! Not Oxfam!

Senator EDWARDS: Yes; damn right. If a study being associated with such groups does not afford it some intellectual scepticism in the first place, the report's methodology surely does. The authors added the average tax paid by ASX 200 companies during the last decade, compared that to pre-tax profits and determined that a tax rate of 23 per cent was paid, rather than the statutory rate of 30 per cent.

I notice that Senator Milne referred to former ATO people that go and work in private companies. Grant Wardell-Jones is at one of those big firms. He is a senior tax partner at KPMG, and he said the following in the press:

These statistical assertions are clearly misleading and are a misuse of information.
Time available does not afford an adequate opportunity to lay out the flaws in their embarrassing fullness. Suffice to say—

Senator Dastyari interjecting—

Senator EDWARDS: Through you, Mr Deputy President, I will take that interjection from Senator Dastyari, because he obviously wants to be on the Hansard. This report uses the amount of tax a company pays as a percentage of reported profits—you might learn something here—compared with the statutory corporate tax rate of 30 per cent to calculate effective tax rates. That is reasonable. This analysis is flawed as the tax rate is not applied to accounting profit but applied to taxable income. That is another good point. There are significant differences between accounting and tax profit, such as: the treatment of capital gains and losses, recognition of foreign income, treatment of franking credits, and a tax system delivering some programs like research and development incentives and small business tax breaks. But that is all a little bit complicated for you over on the other side. That would be looking at in the way in which it actually plays out around the world. Those are international accounting policies, not political policymaking on the run. The thought bubble this morning that brought this matter of urgency to the chamber is surely that.

Companies release accounting notes to reconcile current and deferred tax and they explain significant tax issues and what may appear otherwise to be discrepancies. The report did not analyse those notes but simply applied the 30 per cent headline rate to cash profits and labelled the difference tax avoided or evaded. That is not a research document; it is a slur—a slur that the Greens eagerly associate themselves with and use as the basis of statements like that today. Any accountant worth his salt can go through any of this contribution that I have made, and they can put my argument up against your argument and see how you go. I notice that Senator Whish-Wilson is in the chamber. He comes from a finance background, and he might like to get up and confirm that what I have just said is true and accurate, rather than what is being peddled around the place. I will be interested to hear it from here.

The coalition is proud of its work in this space. We have done more work than those on the other side did in six years. Labor's record on tax during that time consisted of some matters that are a little less pride-worthy, including a $9 billion carbon tax—by the way, you have pledged to bring that back in if re-elected, haven't you? You are going to bring that back in. They brought in a mining tax that raised 2.5c per Australian in its last quarter but had billions of dollars of linked expenditure; a chaotic fringe benefits tax, and the shadow Treasurer has insinuated Labor will bring this back as well; shock changes to employee share schemes; and 90 unimplemented tax changes. (Time expired)

Senator DASTYARI (New South Wales) (16:13): I begin by thanking Senator Milne for her contribution and acknowledging that, despite what other senators believe, this is actually a longstanding issue that Senator Milne has expressed a long-term interest in. I acknowledge that the Senate Economics References Committee, of which I am the chair, has a reference at the moment dealing with the broader issue of taxation and tax avoidance. There will be a full and better opportunity to explore in detail, through the appropriate committee process, some of what is being discussed today. I understand that sometime in the first half of next year we will be producing a report.

I want to touch on some of the earlier contributions from senators and, in particular, from Senator Edwards. Before doing so, I want to put the framework of what it is that we actually
here talking about at the moment. There are two very distinct taxation challenges that sometimes tend to be blended into one, and we are talking about two large, equally important challenges that are very, very different. On one hand, there is the issue of multinational tax avoidance. What that refers to is multinational companies from around the world—your Googles and your Apples—who do business, who do trade, who do activity in Australia, and yet structure their businesses at an international level in such a way as to minimise any form of domestic taxation payment. Traditionally it was the Cayman Islands, Luxembourg or other places. More recently it tends to be places like Ireland and others that have more favourable tax regimes that get used. You are dealing with international companies structuring themselves in such a way as to minimise any form of domestic payment. That is something that does need to be dealt with at an international level. That is something that should be explored in places like the G20. That is something you are not going to be able to tackle solely as an island, as an individual nation.

The second issue you are dealing with is the taxation arrangements for Australian firms and how Australian firms are able to minimise their own taxation through either some form of international leveraging or a process of deductions and tax credits that allows them to minimise their tax liability. Let’s be clear, because Senator Edwards touched on the Tax Justice Network report. What the Tax Justice Network report is not saying is that these companies are not paying their legally required amount of tax. They are not saying they are not paying 30 per cent of their taxable income; the point they are making and wanted to highlight in their report is: ‘Hang on. Why are we in such a system where there are so many deductions, where there are so many accounting tricks, where there are so many different ways of structuring your own accounting practices that allow companies to take what are sometimes quite large figures’—and you are right; they were looking at cash profits. There is a real disconnect at the moment between cash profits and taxable income. The question we should always be asking ourselves and need to be ever vigilant on is how you make sure you are minimising the gap as much as possible to make sure that, where there are legitimate tax exemptions with inputs and other matters, those legitimate exemptions should and will always exist.

Those on that side of the chamber may disagree on different things. They may disagree on R&D, environmental or whatever kinds of tax concessions are available, but how do you make sure legitimate tax credits are there and it is not simply being used as a vehicle for people minimising their taxation? I think what is important is that this is a debate and discussion where, wherever possible, it is important to try to raise it outside the simple, day-to-day political debate and to actually make it about something a bit bigger. We as a parliament need to be ever vigilant and realise the fact that this is never an issue that gets settled. We could have the best tax system tomorrow. We could close half a dozen loopholes. We could improve it as much as we can improve it, and in four or five years time we will need to come to the table again and be prepared again to look at how we tackle these issues.

I note that in the recent estimates hearing into the Department of Finance we actually had Peter Costello, the 11-year Treasurer of Australia. He made quite an interesting point, which is that there are these new challenges that really were not there several decades ago and it is largely tied into the way in which money is transferred and how transactions are made. You have this quite complex question: if I am dealing with a simple financial transaction within
two countries which results in a good being sold in a third country, where is the responsibility for taxation to be paid in that kind of scenario?

What worries me is there is a lot of rhetoric and there has not been enough action. It is great to see Senator Edwards get up and talk about how active the government has been and this and that. I note that the Treasurer did vote against Labor's countering tax avoidance and multinational profit-shifting bill in 2013. The Liberal National Party and their colleagues also attempted to block the cross-border transfer pricing bill in 2013. The Treasurer has five significant Labor tax measures which were to stop more than $1.1 billion in profits being siphoned offshore. This is a live debate. This is a real debate.

I also note that you cannot be serious or talk about being serious about tackling these issues when you go out there and sack 4,700 staff from the Australian Taxation Office. That has a material impact on the ability to collect taxation revenue. I think we have to be careful in this debate. You are dealing with a sector where people are very advanced, very technical and very experienced in creating opportunities and ways in which to minimise their taxation. We have to make sure that on the government side we have the right skill set and the right people because this is becoming an international business. Tax avoidance is an international business. There are international consultants. You only have to spend five minutes on the internet and you can find consultants around the world based in Luxembourg, Belgium, tax havens like the Cayman Islands and others who will for a small fee completely restructure your entire business to make sure you are not paying Australian tax. The question before the Senate that needs to be explored is how we recreate the Australian tax system. How do we change our rules to make sure that on one hand we are collecting the maximum amount of tax and on the other hand are not risking—and do not want to risk—driving business and profits overseas. That is a huge challenge.

While it is good to have this brief debate today, I think there needs to be a detailed process. We are going through that detailed process through the Senate inquiry process. I urge senators to participate in that debate. We are going to have some experts come provide proper evidence. I do not think we are going to have the opportunity today to have the kind of detailed debate we need to have when we are dealing with an issue as big as multinational and domestic tax avoidance. But I do want to say that the laws in Australia at this point in time have not kept up with the practices that are taking place. That is why there needs to be a review. That is why there needs to be a rethink. That is why it is simply not good enough to put our hands up and say, 'We can't do anything here if it's not being done at an international level as well.' Yes, we should play a role in the G20 and other forums at raising these issues. Yes, we should play a role in trying to make sure we are elevating this into an international issue through whatever forum is appropriate. But we also have to look at the domestic tax rules and structures, at the credits, at the input and at the tax minimisation procedures available at a domestic tax level with which we have allowed so many companies and Australian businesses to pay minimum tax.

When we use the term 'effective tax rate of 23 per cent', we are not saying that they are not paying 30 per cent of their taxable income; we are saying that the deductions and other things that have become available have allowed them to minimise their taxation and to reduce their taxable income to such an extent that it is having a material impact. While we are having a debate about the age of austerity, while we are having a debate about cuts and while we are
having a debate about which programs can and cannot or should and should not exist and what can and cannot be funded, part of that debate needs to be about how we are raising and collecting maximum revenue. I think that is where this debate needs to go. We have a process and an opportunity to do that, in a much more detailed way then we will today, through the Senate Economics Committee process.

Senator WHISH-WILSON (Tasmania) (16:23): I am glad this has come back to the chamber. This is the second urgency MPI motion that we have had.

Senator Heffernan: Talk some detail instead of the usual political bullshit.

Senator WHISH-WILSON: I am only 15 seconds in, Senator Heffernan, through you, Chair, so I hope I will be able to add some detail to the debate. It is the second time that we have had an urgency motion on this and we have asked numerous questions during question time in the last nine months. In relation to what Senator Edward said, I think we need to be very clear about who has this on the agenda, who got this on this government's radar—

Senator Heffernan: We have been talking about it for four years, Mate.

Senator WHISH-WILSON: I certainly acknowledge Senator Heffernan's role, as I have done before. The groups that actually got this on the agenda where the community groups who came to Parliament House. I am sure they have walked into everyone's room in the last 12 months, the two main ones being Micah Challenge, who came here in June, and of course the Oaktree foundation. They visit us every year. Community groups right across this country have run a very strong campaign for tax justice and the lack of common reporting standards, problems with profit shifting, base erosion and transfer pricing—all the different techniques that are used by multinational corporations to minimise tax.

I think we need to give credit where credit is due. It was put on the agenda at the G20. However, Senator Heffernan is absolutely right in what he said as he walked out the door. He has been banging on this drum for over four years and Senator Milne has been banging on this drum for years—the issue of common reporting standards. When I did my Securities Institute course, back in the mid-nineties, there was an issue about trying to get common reporting accounting standards across multinational corporations. They were impossible to value because they used different accounting standards between countries. It is not even in the last five years; this issue has been around for well over 20 years. Since I last spoke on this we have had the Luxembourg leaks. We have a very chilling snapshot of the amount of tax being avoided by large multinational companies using loopholes.

Senator Dastyari is right about one thing today and that is the Tax Justice Network report was looking at the potential taxes that could be paid by corporations if they paid their fair share of tax—that is, the tax that would be levied at the corporate tax rate. There is no denying that the various ways they go about deducting tax are legal. This is a problem that the Greens have raised before—that is, where the system allows companies to pay virtually no tax. Glencore is an example that I raised at question time over six months ago with Senator Cormann—earnings of $15 billion and paying no tax. If the system allows that to happen, then it is pretty simple that we have to change the system. We have to look at the laws and the regulations, starting with information sharing. Looking at the integrity of our tax base is good start. But if we are going to allow the types of financial engineering which especially
multinational companies use, then it is really going to be to naught. We will be banging our heads up against a wall if we still allow them to make these deductions.

Senator Edwards spent at least half of his discussion today talking about what a waste of time this was and why we were having an urgency motion. I would like to remind Senator Edwards why we are debating this urgency motion. The government put this matter on the agenda at the G20—that is good; congratulations—but this is going to require a very high level of action and political support. Top-down political support might be apparent now but it has to transfer into action. I want to read you a quote from the author Kerrie Sadig, Professor of Taxation at QUT Business School, where she is talking about the G20 tax reform:

The political will must exist if outputs are to be realised in a practical sense. Governments are going to continue to be lobbied by those with vested interests. Some groups and authors suggest multinationals are doing nothing wrong, while others suggest there are no solutions to a broken tax system. Clearly, the G20 leaders do not agree and these voices are likely to become less vocal.

Welcome to the world of the Australian parliament. It has been my biggest insight in the last two years being near those vested interests and special interests that run this place, especially this government. While we are off to a good start, I have absolutely no doubt that behind the scenes there is significant pressure to slow this down. Why, for example, are we doing this a year later? Why are we coming to the party on information sharing or the disclosure of companies and what tax they pay in this country a year after the other countries have come together on common reporting standards? Why does it take Australian corporations that much longer to comply with new accounting standards, all designed to reduce tax minimisation?

These are issues that we have been asking Treasury at estimates time, but it is a question for which we have not had a clear answer. Senator Cormann mentioned giving companies time to adjust by trying to find middle ground, but it seems to be okay for corporations overseas. This has been on the agenda for a long time. There is an urgency right now, today. We have a revenue crisis in this country because this government has removed a price on carbon, which was going to bring $18 billion to this country in revenue, not to mention lower emissions that lead to global warming and help to incentivise the transformation of our economy, the jobs and the innovation that this country desperately needs.

They have also removed the mining tax. They have not got the guts to fix the mining tax to solve a revenue crisis but they are happy to take money off the poor, the sick and the needy in this country. We need to remember the words of Ken Henry before he left. I have to say I was impressed by Dr Martin Parkinson’s slam on the government as he left last week, saying almost exactly what Ken Henry said when he left as Secretary of Treasury—that is, it is vested interests and special interests that run this country. If we cannot take them on politically and get them to pay their fair share of tax, or prevent their RET-seeking behaviour, which is very common to big companies trying to look after their stakeholders and shareholders first, then what hope have we got?

It is good to see that, at least in the G20, we are getting some action together to try and crack down on tax minimisation, at least starting with information sharing. It has been raised twice today: why are we cutting so many staff from the ATO when we have already seen that so far the tax department has identified and brought in an additional $480 million of revenue? There is a figure for Senator Heffernan, who is waiting over at the door: $480 million has already been identified and recaptured through the start of information sharing. And there is
plenty more potential when it comes to private tax avoidance as well. We have seen figures of up to $20 billion of revenue at risk that has been avoided from private individuals in this country, let alone multinational corporations. So there is plenty of scope there to recover this money.

Transfer pricing is something I am sure Senator Heffernan is going to talk about—another issue that needs to be confronted about the way we do business with multinational corporations and in our global economy. I would like to give a quick plug in the little time I have left for why we do not put in place binding agreements for information sharing in the trade deals that we sign in this country. It is okay to have G20 and have that as a forum. Given that we have just signed five bilateral trade deals—with Korea, Japan, China and we are negotiating a large deal with a transfer partnership agreement.

With this regional cooperation and economic partnership, why don’t we include things like tax avoidance and information sharing in those deals? It is so simple. Our negotiators are sitting down with negotiators from other countries—and these deals are being driven mostly by lobby groups and business groups and vested interests—that is the time to confront this. The Greens firmly believe that is the time to confront fair trade issues, like binding environmental standards, and ethical and social standards like wages. These are things that can be dealt with in trade deals very effectively. It is good that it started in the G20 but we could do a lot more in our region to crack down on tax deduction.

Lastly I would like to talk a little bit about digital companies. They are a specific target for tax avoidance. We noticed recently—in estimates through Senator Milne’s questioning—no tax return was even being lodged by a company the size of Facebook. Under a loophole in Australian corporations law Facebook was allowed to claim that they were a small company and therefore get an exemption from even lodging a tax return. So ASIC is off chasing that now, and we hope that they will get some information for us before next estimates. Either way, there are lots of ways we can start addressing tax minimisation and start bringing revenue back into this country.

Senator CANAVAN (Queensland) (16:33): It is great to speak on this Greens motion. It is great to see the Greens want to take some action on corporate tax evasion. Hopefully they will support the government’s bill to clamp down on R&D issues for large companies. My understanding is that the Greens are not supporting that. Certainly the Labor Party are not supporting it right now.

All these comments we are hearing today, about wanting to tax corporations more apparently, are just empty rhetoric, because we have a bill in front of this parliament right now—we heard about it during question time as well—that would reduce deductions for companies that have a turnover of more than $20 billion.

These are not small companies; these are big companies, the kinds of companies the Greens typically do not like—Rio Tinto, BHP. We have decided as a government that they should fund their R&D themselves. Indeed the Labor Party came to the same conclusion just a year ago when they were in government. But right now those changes are being held up by—wait for it!—the very people that have moved this motion today saying that corporations do not pay enough tax. We hear from the Greens about how the Tax Justice Network report shows that companies do not pay enough tax. But they do not pay their taxes because of the
deductions they are allowed to make, and a big part of those deductions are to do with research and development incentives, which the Greens want to keep for big companies.

Senator Heffernan before asked for some facts, and I think that is fair enough; you should have some facts.

Senator Heffernan interjecting—

Senator CANAVAN: You might not like my facts, Senator Heffernan, but they are facts. Corporations in Australia pay more corporate tax, as a percentage of GDP, than almost any other OECD nation—

Senator Heffernan: It is a global problem.

Senator CANAVAN: I agree it is a global phenomenon but we are also talking about Australia’s issues here, Senator Heffernan. Our companies pay 4.5 per cent of GDP in corporate tax. It was as high as seven per cent in the peak of the mining boom. The average in the OECD—which has been pretty flat over the last decade—is three per cent; and we are at 4½ per cent. We in this country do not necessarily have a domestic issue with base erosion and profit shifting. Nonetheless, I agree with Senator Heffernan that it is a global issue that needs some action.

When we hear Senator Dastyari also complain about the ATO not having enough staff, it is another example of hypocrisy in this debate because as we learnt in Senate estimates the other day—in the economics committee, which I think Senator Dastyari was at—the tax office clearly outlined that the 4,000-odd staff that they will be reducing over the next four years are a direct consequence of the efficiency dividends placed on them by the former Greens-Labor government. The former Greens-Labor government put in place those efficiency dividends on the tax office. They did not have the guts to outline how many staff that would mean, but their reduction in funding was made under the Greens-Labor government.

With an organisation like the tax office, I am sure something like 70 or 80 per cent of their costs would be in wages, so the only way they are going to fund those efficiency dividends is to reduce the staff, and that is what they have had to do. Given the tight budget, we of course are maintaining those efficiency dividends. When the Labor government announced those efficiency dividends, they made no change to the tax that would be raised over the next few years; likewise, we have made no changes.

Both Greens senators have also raised the issue of Treasury and the fact that Mr Parkinson said in a speech last week or sometime recently that there are vested interests that are controlling this country. I am not going to dispute the Treasury on its statements in that regard but I was surprised the Green senators raised Treasury in this debate because one thing they did not raise was the evidence that Treasury gave at the last Senate estimates. Senate estimates were only three or four weeks ago. At that hearing, I asked Mr Heferen, who I think is head of fiscal group in Treasury, very directly, when we were discussing the Tax Justice Network report that Senator Milne raised earlier: do you think the report was misleading? Mr Heferen said that yes, it was misleading.

Senator Heffernan interjecting—

Senator CANAVAN: It was misleading, Senator Heffernan, because they mixed up, as Senator Edwards said before, gross and taxable income. They had the wrong evidence on debt and equity ratios for Australian companies using capitalisation rules. And they also included
in a table the average tax rates of companies that pay zero tax including trusts as well, Senator Heffernan, and that lowered their average. So this idea there was an $8-billion magic pie out there is incorrect in regards to Australia. But if the Greens and Labor Party want to do something about corporate tax avoidance in this country, support the R&D bill, do not just support motions in this chamber.

Senator KETTER (Queensland) (16:38): At a time of a claimed revenue emergency, you would think this government would be doing everything it could to look at and improve revenue streams. Rather we see this government based on broken promises and twisted priorities hopping into the sick, the pensioners, the motorists, the students, the ABC and SBS, and our Defence Force personnel. So we see the hollowness of their claims very clearly when we look at the lax approach that this Treasurer has taken to ensuring international companies pay their fair share of taxation. I am amongst those who recognise that there is a global dimension to this particular issue requiring international cooperation. But of course there are always things which we can do as a country to address this particular issue.

I note that the Australian Financial Review investigation in March 2014 looked at one company, Apple, and found that Australians bought $27 billion worth of Apple products since 2002. Over that period of time, the company paid only $193 million to the Australian Taxation Office—that is, just 0.7 per cent of the turnover. So there is a significant gap between this government's rhetoric and its actions when it comes to ensuring that multinationals pay their fair share of tax in Australia. The government's lack of action on this shows just how misguided the priorities of the Liberals are on economic reform.

Those opposite claim that the Senate is holding up the government's economic reform, but there is nothing reformist about the cost-shifting proposals of this government. That in essence is what this government is about—shifting costs from their own bottom line onto the states, onto councils, onto hospital patients, onto motorists and onto students. There is nothing reformist about legislation giving financial advisers free rein on the savings of mum-and-dad investors, which the Senate sent packing from here recently. To use a small business analogy which those opposite enjoy throwing around: this government is not paying its bills; it is just forwarding the invoices to somebody else. This is a government which reportedly held back on releasing its planned tax reform discussion paper until after the Victorian election. If there are worse things in store than the GP tax, $100,000 degrees and massive cuts to health and education, I dread to see what they will be. This government's policy agenda has been so rejected by the public that the Prime Minister did not even visit Victoria during the election campaign.

We cannot expect to see too much from this government on the issue of multinational tax avoidance. But Labor has a proud record of reducing multinational tax avoidance. When in office, Labor introduced key reforms that would have prevented $5 billion in revenue being moved offshore. As the current Treasurer said in 2013 when opposing the Tax Laws Amendment (Countering Tax Avoidance and Multinational Profit Shifting) Bill 2013, 'We must really start this debate by asking whether these amendments are required at all.' He went on to call measures in the bill 'an unnecessary overreaction, more red tape for business'. As the current finance minister, Senator Cormann said on the same bill:

We do not support Labor Party knee-jerk overreactions in the face of yet another desperate attempt to raid more cash to feed its spending addiction …
It is a principle of Labor that companies that earn profits in Australia must pay tax in Australia. As I said, we do have a strong record with respect to multinational profit shifting. That is why we introduced a $5.3 billion tax package when we were in government to protect the integrity of our tax system. While willing to talk the talk on multinational profit shifting, the Abbott government has been all bluff and bluster when it comes to specific policies. Since coming into government, the coalition has walked away from $1.1 billion in sensible Labor savings measures in this space.

Multinational tax avoidance leaves small businesses and everyday Australians to pick up the slack for government services. Major companies benefit from Australia's highly educated workforce; our extensive road, rail and port infrastructure; our secure energy supply; and our willingness to attract investment. It is reasonable that those companies should also make a fair contribution to the tax base which funds those things. Unfair tax arrangements also advantage large multinational companies over domestic Australian companies. This is unproductive, inefficient and unfair.

A recent report released by the Tax Justice Network, which was talked about earlier in this debate, found that overall the effective tax rate of ASX 200 companies over the last decade is 23 per cent. Had these companies paid the statutory rate of 30 per cent, this would have produced an additional $8.4 billion in corporate tax annually.

As the OECD's 2013 report, Action plan on base erosion and profit shifting, indicates: … Base Erosion and Profit Shifting (BEPS) undermines the integrity of the tax system, as the public, the media and some taxpayers deem reported low corporate taxes to be unfair. In developing countries, the lack of tax revenue leads to critical under-funding of public investment that could help promote economic growth. Overall resource allocation, affected by tax-motivated behaviour, is not optimal.

Labor does not just talk about increasing transparency; we acted to increase transparency. If Joe Hockey were serious about cracking down on multinational tax avoidance then the budget bottom line would improve rather than get worse. By not proceeding with the sensible measures we implemented to close tax loopholes, the Australian people will forgo $1.1 billion in revenue. And the government, as we have already heard, has stripped the Australian Taxation Office of the resources it needs to pursue multinational tax avoidance. Their job is being made harder because the government is leaving the tax office woefully underpowered to go up against the big global firms.

The budget shows that the government would prefer to take revenue from Australia's most vulnerable citizens rather than from some of the world's wealthiest companies. But do not take my word for it; here is what Ross Gittins, economics editor of the Sydney Morning Herald, had to say just this morning when talking of the government's unfair budget:

But a politically stupid degree of unfairness isn't the only reason this budget was such a poor one. Its other big failing was the poor quality of its measures. It sought to improve the budget position not by raising the efficiency and effectiveness of government spending, but simply by cost-shifting: to the sick, the unemployed, to the aged, to university students and, particularly, to the states.

I could not have put it better myself.

In the closing couple of minutes of my contribution, I do want to point out the disconnect between this government and ordinary people in this country—particularly young people. Earlier this year I was privileged to meet with a number of volunteers from an organisation called Oaktree, who were undertaking an 'End Poverty Roadtrip' from Brisbane to Canberra. I
met with them on 2 October this year. This organisation is dedicated to ending global poverty, and one of the ways they intend to achieve that is by addressing the issue of multinational tax avoidance.

I was absolutely inspired by these young people, who travelled to Canberra to get their petition signed and to share their personal stories with me. I met with Caitlin, Alexander, Brendan, Hume and Benjamin in my office. Aside from discussing their ambitions with me around ensuring that Australia is doing its fair share to end poverty, they also advocated steps that Australia can take to crack down on the unfair avoidance of tax by multinational companies. The Oaktree website talks about the lack of transparency in the global tax system. It is difficult to put an exact figure on the amount of money that is lost due to tax avoidance, but it is an indictment of this government that it is not prepared to tackle this issue. It is prepared to put things off and not get into looking at this issue in a sensible manner. It is, rather, interested in attacking the sick, the poor and students, and in cutting services that would otherwise be there.

So, I ask this government to get serious about this issue. Let's look at global tax avoidance.

Senator HEFFERNAN (New South Wales) (16:48): I only have five minutes and I need 50. I will do it on another day. I have been on this for four years. Let's deal with some facts; I am not interested in the political BS that goes on, which is part of what this debate has been all about.

We are going to live through a generation that has redefined 'sovereignty' unless we fix this issue. It is now normal behaviour for multinationals, to remain competitive, to expect they can minimise their tax or pay no tax. Just to put a couple of things on the table on the risk of the redefinition of 'sovereignty': we have the US business lobby—and we have the same lobby here—saying to the US government, the IRS, 'We don't mind if the tax goes offshore; we are creating jobs.' It just depends on whether you want to have public schools and public hospitals, and a Defence Force that you can afford and an ABC that you can afford.

Last year there was about $3 trillion in tax avoidance in the Group of 20. For those who do not know, the turnover in the derivatives swap market last year—most people do not even know what that is—was $700 trillion. The shadow banking market was 1¼ times the global GDP—it is interesting if you get some figures into this debate—at $125 trillion. The cost of the actual bribes that the World Bank estimates for around the world last year was $1 trillion, and the cost to the global economy was $5 trillion.

So if we really want to do something about being able to afford schools and hospitals—and not having to take Senator David Leyonhjelm's line, where he does not think we should have public schools and public hospitals—where we should be in this chamber is not making political points against each other, which I think is BS! Let's get to business—let's get down to it. We should harmonise.

Why would Peter Costello admit that the Future Fund actually now has 17 companies in tax havens? Because there is no harmonisation. Sovereign entity in Australia has immunity from taxation not captured by a revenue base for a passive investment. A sovereign investor in Australia who actually declares the income from their production produced here for a humanitarian purpose gets charitable status. Do we really think this makes sense? Do we really want this to go on?
Of course it is up to a group of nations, because the global businesses will simply isolate you if you are the only one who picks this up. I say that if we really want to fix the job that we have to put the politics aside, we have to put national interest first and we absolutely have to understand the immensity of the problem. This is a huge problem in which no-one is breaking the law.

FIRB is a little section in government which has a few people with no power. You can argue for as long as you like about whether it is for $3 million, $5 or $6 million or $100 billion when you have to go to FIRB if you are a foreign investor coming into Australia; when you get there, you report it and nothing happens. That is why the Ord is now trying to be freeholded, so that the guy who has bought Ord stage 2 and who wants Ord stage 3 can put it on the Hong Kong market, same as you would put a housing subdivision on the market. I got that out of the guy's mouth himself the other day at the free trade agreement signing here.

This is a serious problem, where people need to understand the immensity of the problem. It is an immense problem. I got the heebie-jeebies with ADM on the Graincorp matter because they are serious tax avoiders—serious tax avoiders just like Wilmar, who is going to put the cleaners through the sugar market in Australia. It is normal behaviour to maximise the share price and to minimise tax without breaking the law. The law is completely out of date. Last financial year it was estimated $3 trillion was involved in tax avoidance globally. The US does not know exactly how much tax it missed out on, but it is between $650 billion and $800 billion.

Don't tell me about Australians, like an earlier speaker did. We are not purer than the angels—we are trying to compete with the rest of the world. The largest tax case the IRS had last year, the American tax officials, was with an Australian company. No-one talked about it—it is like the churches with the altar boys for the last 50 years being in denial about what was going on, and now they are all apologising, saying it has been going on for 50 years. That is where tax avoidance is—if we do not fix it we are going to redefine sovereignty. Getting your head around Bitcoin is another step in that direction, as a matter not of redefining sovereignty but of demolishing sovereignty.

Question agreed to.

**DOCUMENTS**

**Consideration**

The ACTING DEPUTY PRESIDENT (Senator O'Neill) (16:53): I shall now proceed to the consideration of documents. The documents for consideration are listed on page 5 of today's Order of Business.

Regional Development Australia Fund

Senator BERNARDI (South Australia) (16:54): I move:

That the Senate take note of the document.

This report of the Australian National Audit Office on the Regional Development Australia Fund is damning to say the very least because it describes the previous Labor government's misuse of taxpayers' money. In what has now been revealed as a token gesture of independence, Labor set up an independent advisory panel to assess the applications for the third and fourth funding rounds of the Regional Development Australia Fund. It was chaired
by a former Labor MP, Christian Zahra. The panel was appointed, as the report states, 'for their experience, knowledge and expertise on regional Australia.' Yet the minister at the time, the member for Ballarat, chose to ignore the advice of these experts that her own government appointed. In decisions found by the ANAO to involve 48 per cent of the program's funding Ms King chose to ignore the independent panel’s advice. The ANAO report stated that 27 per cent of the applications approved by the minister had not been included by the panel in the 'recommended for funding' category because ‘the panel did not consider them to be of sufficient quality.’

Even more damning is the fact that the then minister approved 23 projects worth some $90.6 million that were categorised by the independent panel as 'not recommended for funding.' These projects were assessed as having 'no identifiable positive impact on the broader community,' and yet Labor and Ms King thought they should be given $90.6 million. I say to the people of Australia, Labor spent almost $91 million of your money on projects that were seen as having no benefit. What a complete farce this has been. Such decisions led the ANAO to state:

… there was not a strong degree of alignment between the Minister's funding decisions and the panel's recommendations.

What an understatement. Of course the decisions made by the minister diverged from those recommended by the panel on 40 occasions in round three and 34 occasions in round four. Just when you thought it could not get any worse, the ANAO delved deeper. They discovered that 80 per cent of the projects the minister decided not to fund, despite the panel recommending funding, were in seats held by the coalition. In round three alone it equated to 93 per cent. Do the words 'pork barrelling' mean anything to anyone in this room? Sixty-four per cent of projects that the then minister approved for funding, even though they had not been recommended by the independent panel of experts, were in Labor held seats, compared to just 18 per cent in coalition held seats. The ANAO could not put it any clearer when they wrote:

A feature of the round three and round four decision-making was the lack of alignment with the assessment advice provided to inform those decisions. It is difficult to see such a result as being consistent with the competitive merit-based selection process outlined in the published program guidelines:

So, only months out from an election, the Labor minister at the time, Ms King, the member for Ballarat, chose to ignore the system and the independent panel that had been set up by her own government. This was a wilful disregard and contempt for Australian taxpayers and their valuable dollars. I wonder now whether Senator Wong, the Manager of Opposition Business, will reconsider her defence of this project. She said in June of last year:

… funding requests were assessed by an independent panel through a transparent, merits-based process, with projects measured against criteria such as value-for-money, eligibility, risk and viability.

I hope Senator Wong is listening—those words are as hollow and as shallow as the funding decisions that were made by the previous government. The findings from the ANAO tell a very different story. They say that projects of no merit and no value were funded by the government—$91 million worth of taxpayers' money or thereabouts went to projects that had no merit, just months out from a federal election being called. This has all the hallmarks of another grubby whiteboard affair and the pork-barrelling that we saw with multicultural
grants—we have now seen those features in these rural and regional development grants. It is easy to label this as just another sorry tale in the waste and mismanagement perpetuated by the previous two governments but, with all their failures, the matter needs to be taken very seriously. It involves precious taxpayer dollars that people have worked so hard to provide, and the previous government has wasted those funds so massively. That is why Australia finds itself in the perilous debt position it does today.

Senator IAN MACDONALD (Queensland) (17:00): I want to thank Senator Bernardi for alerting us to what can only be called an absolute rort of Labor Party proportions. The ANAO's report on the Regional Development Australia Fund, as Senator Bernardi has very clearly pointed out, shows what a pork-barrelling exercise this was. I am conscious of the fact that the coalition's regional program, when it comes out, will attract—not from the ANAO but from the Labor Party—accusations of pork-barrelling. I know that will happen. I can predict it. I have seen it before.

The Labor Party will say, 'Most of the money has gone to coalition electorates.' As I always point out, most rural and regional seats are held by the coalition, therefore, as a matter of course, most of the grants should go to coalition electorates. But did that apply under the Rudd-Gillard-Rudd governments? The number of genuine rural and regional seats in the federal parliament held by the Labor Party was infinitesimal, so the majority of people living in rural and regional Australia who were represented by coalition members did not get what, fairly, they should have received—and the ANAO has clearly set out what fairly should have gone to those regional seats.

There were a couple of non-Labor seats that did seem to get an unusual amount of assistance from the Rudd-Gillard-Rudd governments. They were the seat of Lyne and Mr Windsor's seat—the seat of New England. New England and Mr Oakeshott's seat in Lyne seemed to do pretty well out of the Labor governments. One can only wonder why that was. Could it have been that they were the two members from conservative seats representing rural parts of Australia who defied their electorates and kept Ms Gillard and the Labor Party in power for three more years than should have been the case?

I join with Senator Bernardi in condemning the former Labor governments for their pork-barrelling. But forget about my condemnation and forget about Senator Bernardi's condemnation; just have a look at what the ANAO said about it. The ANAO do not always get it right, but normally they do. This is a case where they have clearly exposed the rorts that went on while Labor was in charge of the purse strings. That should be a salutary lesson to everyone.

Senator WILLIAMS (New South Wales) (17:03): What Senator Bernardi, backed up by my colleague Senator Macdonald, has raised here today is really concerning—this handling of a regional slush fund. That is how it has been described. The ANAO report on the Regional Development Australia Fund found that almost half the money went to projects that had not been recommended for funding and that money had been withheld from coalition seats. Is this how those opposite work with taxpayers' money?

The Australian National Audit Office report tabled this afternoon raises a number of questions about decisions made by the then regional services minister, Catherine King, relating to the administration of some $226 million worth of Regional Development Australia funds. I find this appalling. We have heard of union slush funds—they are commonly
mentioned when we talk about the Labor Party and how they operate. But this is regional development funding that should have been going out evenly, with no bias whatsoever, into the regional areas that so desperately need support. Instead, the previous Labor government put together a slush fund.

Ms King has rejected any suggestion that there was mishandling of funding. Of course she has! Some 106 funding applications were deemed to be 'not recommended for funding' by an independent advisory panel, but Ms King funded 14 of them anyway—to a total of $87 million. That is another $87 million of pork-barrelling. This is appalling and I hope that this chamber has more to say about these disgraceful actions of bias, using regional development money as a slush fund and not spending taxpayers' money on a fair and appropriate basis—allocating it based on need—throughout regional Australia. I hope this is not the last we hear of this.

I seek leave to continue my remarks.

Leave granted.

**Aboriginal and Torres Strait Islander Social Justice Commissioner**

Senator SIEWERT (Western Australia—Australian Greens Whip) (17:05): I move:

That the Senate take note of the document.

The report of the Australian Human Rights Commission, *The social justice and native title report 2014*, is very important. It is a very comprehensive report that reviews the year from a social perspective. It looks at the Racial Discrimination Act and proposed changes to racial hatred provisions. It talks about native title, creating safer communities, self-determination and a new era of Indigenous governance, and giving effect to the declaration. I will not have time to do full justice to this report, but there are some important areas that I thought I should talk about.

The first important area I thought I should talk about relates to the comments made by the Social Justice Commissioner, Mr Mick Gooda, on the Indigenous Advance Strategy and some of the budget measures, particularly the ones relating to Closing the Gap—because these are so critical. He makes the comments in the section about issues related to this year's budget measures. He talks about the Indigenous Advancement Strategy and says things like:

For Indigenous Affairs, it has been a year characterised by deep funding cuts, the radical re-shaping of existing programs and services, and the development of new programs and services.

Information on the transfer arrangements has been scant with minimal involvement of Aboriginal and Torres Strait Islander peoples. There was little or no consultation with those working at the coalface about which programs and activities were best kept together or which Departments were best placed to administer them.

It then goes on to say:

Importantly and unfortunately, this meant $534.4 million was cut from Indigenous programs from the PM&C and the Department of Health over five years …

The report then lists some of those programs. The commissioner then goes on to say:

It is disappointing that savings from the rationalisation of Indigenous programs and services will not be reinvested into Indigenous Affairs and Closing the Gap initiatives. In addition to the Indigenous Advancement Strategy, health funding for Aboriginal and Torres Strait Islander specific programs,
grants and activities will be refocused under the 'Indigenous Australians Health Programme'. This is part of drawing up a new methodology for funding Indigenous health, flagged by the Budget. The methodology needs to align with the Health Plan, and the government must engage with the Aboriginal and Torres Strait Islander health sector during this process.

This means respectful engagement with the Aboriginal and Torres Strait Islander community, particularly with the sector leadership, including in the areas of criminal justice, employment, education, early childhood and economic development.

Such engagement has been conspicuous by its absence before and after the announcement of the Budget. This should be rectified as a matter of urgency.

These are the words of the Social Justice Commissioner. He also talks about legal aid and says:

Notably, this includes a $13.4 million cut to the Indigenous Legal Aid and Policy Reform Program. These cuts will take effect from 1 July 2015.

He then talks about the programs that will have their funding cut. He says:

The government indicated that any cuts to ATSILS would only affect policy reform and advocacy work, not frontline legal services. However, the National Aboriginal and Torres Strait Islander Legal Services (NATSILS) has highlighted that the value of Indigenous legal services is that they provide 'strategic and well-informed advice about effective law and justice policies' to governments, leading to a reduction in the incarceration of Aboriginal and Torres Strait Islander peoples. The NATSILS has also stated concerns that the withdrawal of funding for law reform and advocacy positions will result in solicitors and legal officers, currently providing frontline services, assuming this work.

He also talks about the cuts to the National Congress of Australia's First Peoples and says about the Prime Minister's Indigenous Advisory Council and congress:

Despite claims that the IAC was never intended to replace Congress, the Coalition government created the IAC and removed the forward allocation of $15 million from Congress within a few months of coming to power. Further, the Prime Minister has met monthly with the IAC Chair, as stipulated in the terms of reference, during this reporting period. In contrast, Congress has reported that the Prime Minister has not met with the Co-Chairs of Congress at all since the election.

There is little doubt that the IAC members bring an impressive array of talent and experience to Indigenous issues. However, the different roles played by the IAC, as a strategic advisor, and Congress, as a representative voice, should be clarified and understood.

Many of the other areas of this report highlight concerns and important points such as the need for justice reinvestment and for better consultation with Aboriginal and Torres Strait Islander peoples. It is clear from this report that the Prime Minister for Aboriginal affairs has a long way to go before he will have put in place policies that address Aboriginal and Torres Strait Islander disadvantage. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

National Children's Commissioner

Senator IAN MACDONALD (Queensland) (17:11): I move:

That the Senate take note of the document.

The document I wish to take note of is document No.7: Attorney-General’s Department, Australian Human Rights Commission, National Children's Commissioner, Children's rights report 2014. In speaking to this report, I note that comment is made in the report of a national
inquiry into children in immigration detention. According to this report, the final report of the inquiry will be transmitted to the Attorney-General in late 2014 and will be tabled in federal parliament soon after.

I keenly await that report. I point out to the Senate that, at the time of the change of government last September, there were some 1,743 children in immigration detention—a disgraceful number. That compares with when the Labor Party took over government just six years previously. There were zero, zilch, no children in immigration detention. After the period of six years of Labor government, there were, at the close of that government, 1,743 children in detention. Since the advent of the new government, that number has been steadily and significantly scaled back. Twelve months later—officials told the Senate estimates committee just last Thursday—it is now down to 647 children in detention. So over 1,000 have been taken out of detention in the period of the coalition government.

The officials at the Senate estimates committee last Thursday were asked what their expectations and hopes were for those 647 children still in immigration detention. They said that, provided the migration and maritime powers legislation amendment resolving the asylum legacy case load bill is passed by the Senate this week—on the proviso that that bill is passed, which means that officials are given better support mechanisms to deal with the children in immigration detention—then they expected that, by June next year, there would again be no children in immigration detention, back to the Howard government era. When I asked them to quantify the 'none', they said, 'Let's say fewer than 100,' but clearly the officials hope that, provided this Senate passes that bill, within six months there will be practically no children left in immigration detention. So that is something that we can all look forward to and that I know all senators will support.

It does raise with me, though, the question of why the Human Rights Commission decided to embark upon this major inquiry that is referred to in this report that we are discussing now. One would have thought that that would have been a classic inquiry to embark upon in the days of the Labor government when the numbers were just blowing out exponentially. But, no, the Human Rights Commission did not seem to think that that was an important inquiry when the numbers were increasing dramatically. But when the government changed, the new government started to seriously address the issues and, as I said, in a little under 12 months have got over 1,000 children out of immigration detention. It seemed then that it was a curious time for the Human Rights Commission to start doing a major inquiry and one just wonders what that was all about.

Suffice it to say that due to the actions of Mr Morrison and Senator Michaelia Cash and the leadership they have shown, and the good work of the officials in that department who have had a very, very difficult time of it over the past several years—they are dedicated and committed public servants; they have had an awful job to do with all of these children arriving as illegal maritime arrivals and being placed in detention, but they have done a wonderful job—it is good to see they have got most of the children out of immigration detention. By next June they hope, and we all hope, that there will be none left. I seek leave to continue my remarks at a further date.

Leave granted; debate adjourned.
The following orders of the day relating to government documents were considered:


NOTICES

Presentation

Senator LAMBIE (Tasmania) (17:17): by leave—I give notice that, on the next day of sitting, I shall move that the following bill be introduced:

A Bill for an Act to link pay for members of the Defence Force to for Parliamentarians or to the CPI, and for related purposes.

Short title: Defence Amendment (Fair Pay for Members of the ADF) Bill 2014

BILLS

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014

Explanatory Memorandum

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:18): I table a correction to the explanatory memorandum relating to the Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014.

DOCUMENTS

National Mental Health Commission

Order for the Production of Documents

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:18): I table a document relating to the order for the production of documents concerning the National Mental Health Commission.

Senator McLUCAS (Queensland) (17:19): by leave—I move:

That the Senate take note of the document.

From the outset, I thank the minister for tabling the interim reports—at least I hope that is what you have tabled, Minister—of the National Mental Health Commission's inquiry into the provision of mental health services in our country. But it is disappointing that the only way that the community has been able to read these reports is through the order of production of documents that was passed by the Senate last week on my motion. I have repeatedly requested that the interim reports of this important inquiry be published, along with the submissions—not the individual submissions from consumers, but the submissions from organisations, states and territories where approval has been sought and given.
The National Mental Health Commission is a well regarded organisation. It was established by the former government and while it has not been there for a very long time, it has done some really important work to ensure that there is a voice and a place for a voice for people living with mental illness in our country. It has been tasked with this important inquiry. The National Mental Health Commission has a reputation for being inclusive, of being able to consult openly and honestly not only with people who are living with mental illness but also with the mental health service sector and states and territories. So it has been somewhat troubling that this review has been undertaken in quite a secretive manner.

I have said before, and I will say it again today: I do not criticise the government for undertaking this review—it is reasonable for an incoming government to take stock of a policy area, and this government has done so when it comes to mental health—but it has been disappointing that an opportunity for an open, transparent dialogue about mental health policies, programs and services has not been grasped. We have an opportunity in this country to do the right thing in terms of services, policies and programs for people living with mental health. It is a difficult and complex policy area—I do not shy away from that—but the way we will get to a position where we have the right policy settings is being able to include and have people, particularly people living with mental illness but also service providers, travelling along the road together. This is the only way we will find the answer to the appropriate policy settings for mental health services in the country.

I certainly hope that this does not end up a demarcation dispute between states and territories and the Commonwealth about who is responsible for which bit of mental health. There does need to be clarity in what we do. The former government's road map for mental health services and the big investment we made in government must not be dissipated. We must not take our foot off the pedal when it comes to mental health services in our country.

Minister Birmingham, I am unsure what you have tabled today. I understand it is the first interim report and the second interim report—and, if you could nod, that would be fantastic. If that is what has been tabled today, I will also be requesting the government to table the report that was promised to be handed to government last Friday, at the end of November. Everyone in this policy game needs to know what everyone else is saying so we can have an open and honest conversation about what we should do to provide services for people living with mental illness.

If that report has not been tabled today, I will use the structures of the Senate, if required, to ensure that the third report, the final report, of the commission's inquiry into mental health services in the country be tabled and be tabled in a timely way. Given that the government received that report only last Friday, I do not expect it to be tabled today—it would be lovely if it were. But in good time I expect the government to publish the final report of the inquiry.

In conclusion, I thank the government for adhering to the Senate's order for the production of documents. We might have to use this method in the future to ensure transparency of this government.

Question agreed to.
COMMITTEES
Wind Turbines Select Committee

Membership

The ACTING DEPUTY PRESIDENT (Senator O'Neill) (17:24): Order! The President has received a letter from a party leader requesting changes in the membership of a committee.

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:24): by leave—I move:

That senators be appointed to the Select Committee on Wind Turbines as follows:

Senator Urquhart


Question agreed to.

BILLS

Corporations Legislation Amendment (Deregulatory and Other Measures) Bill 2014

First Reading

Bill received from the House of Representatives.

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:25): I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:25): I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

Today I introduce a Bill that will streamline and repeal provisions in the Corporations Act 2001 and the Australian Securities and Investments Commission Act 2001 to improve the operation of Australian businesses and Government processes.

I am proud to introduce this Bill today, on this the second repeal day, as it reinforces the Government's commitment to reducing regulation on business. I cannot emphasise strongly enough how excessive and unnecessary regulation reduces productivity and investment, stifles job creation, creates uncertainty and damages investor confidence.

This Bill reflects the paradigm shift that is currently underway in Australia's approach to regulation. Rather than introducing new standards, new rules and new compliance burdens as the default option,
the Government is taking the opportunity to identify regulation that can be done better. Regulation that business has told us can be improved. Regulation that can help Australian businesses provide the goods and services that the Australian people need.

This Bill represents the whole-of-government approach to deregulation and a significant change in the culture of regulating businesses.

All of the amendments contained in the Bill that I am introducing today have been carefully assessed to ensure that they are the most efficient way to regulate business, and that the benefits clearly outweigh the costs on business.

The amendments contained in this Bill are collectively estimated to reduce business compliance costs by around $14 million per year.

Schedule 1 to this Bill makes a number of amendments to the Corporations Act 2001 to reduce the costs and improve the efficiency of businesses operating in Australia.

Firstly, it seeks to strike a better balance between the interests of minority shareholders and shareholders as a whole.

Currently, directors of a company must arrange a general meeting, paid for by the company, at the request of shareholders with a total of 5 per cent of voting shares or 100 shareholders with voting rights.

In large corporations, 100 shareholders may represent a very small percentage of total shareholders. For large listed companies in particular, this often works out to be less than 1 per cent. Historically, resolutions proposed by 100 members have generally not come close to achieving the 50 per cent support needed for a successful vote at a general meeting.

The Bill removes the ability for 100 shareholders with voting rights to call a general meeting. It is unacceptable that business and shareholders must continue to foot the bill for these general meetings.

The Bill retains the right for shareholders with 5 per cent of voting rights to require a general meeting be called, ensuring that decisions of directors about the company remain subject to scrutiny.

Importantly, the Bill does not alter the rights of 100 shareholders to put forward resolutions for the agenda of a general meeting or to circulate material to other shareholders. In this way, small shareholders can continue to have their voices heard but in a way that does not impose an unreasonable cost on the company or other shareholders.

Secondly, the Bill improves the disclosure of executive remuneration information in Australia by ensuring that companies are only required to provide information that shareholders need, and by recognising that unlisted companies should not have to prepare a remuneration report.

Users of remuneration reports have indicated to Government that the reports contained some information that was of limited or no use to shareholders or duplicated information found elsewhere in the annual report. This imposes costs on business for no benefit.

Currently, disclosing entities that are companies must provide information on the value and number of options that have lapsed in the current year, as well as the percentage value of remuneration that consists of options for all key management personnel.

Users of remuneration reports have indicated that information on the value of lapsed options is of limited use to shareholders. Information on the proportion of remuneration comprising of options can be deduced from information contained elsewhere in the company reports. Accordingly, these disclosures are not needed.

The Bill removes the requirement for the remuneration report to include this information and will instead include the number of options granted to key management personnel that lapse during the financial year, and the year in which these options were granted.

Further, all disclosing entities that are companies are currently required to prepare a remuneration report, regardless of whether they are listed or unlisted.
The remuneration report is simply not relevant for unlisted disclosing entities. Unlike listed entities, they are not required to have their remuneration report adopted by shareholders through a non-binding resolution and are not subject to the 'two-strikes' test that allows shareholders concerned with executive remuneration to vote to 'spill' the board under certain circumstances.

Accordingly, this Bill relieves unlisted disclosing entities from having to prepare a remuneration report.

Thirdly, the Bill clarifies when entities, including companies, can change their year-end dates.

In 2010 amendments were made that were intended to make it easier for directors to change financial year end dates. However, these amendments led to confusion about the situations in which this flexibility could be used.

The Bill will put beyond doubt the conditions under which directors can determine that a financial year is to be shorter than 12 months by more than seven days.

Finally, Schedule 1 to the Bill removes the requirement for certain companies limited by guarantee to appoint an auditor.

Currently all public companies are required to appoint an auditor even if they are not required to conduct a full audit of their financial reports.

This unnecessarily imposes a cost on business.

This change is expected to predominately benefit companies with a not-for-profit focus – including sports and recreation related organisations, community service organisations, education-related institutions and religious organisations. It will ensure that these organisations can focus on providing services for the community, rather than wasting money on needless red tape.

Schedule 2 to this Bill amends the Australian Securities and Investments Commission Act 2001 to improve the efficiency of Government processes, reflecting the Government's commitment to seeking opportunities to improve efficiencies in all spheres.

It firstly improves the efficiency of the operation of the Takeovers Panel.

The Takeovers Panel is the primary forum for resolving disputes about a takeover bid until the bid period has ended.

The current application provisions of the ASIC Act can be interpreted to mean that the Takeovers Panel can only operate if members are physically located in Australia.

Panel members typically hold senior roles in banks, law firms and significant corporations, and may be required to travel to fulfil their professional obligations. As a result, Panel members may be prevented from performing Panel functions whilst they are outside of Australia, potentially reducing the efficiency with which applications to the Panel can be dealt with.

The Bill will allow Panel members to perform Panel functions while in Australia and overseas. However, it will not alter the substantive powers of the Panel.

Making government bodies operate more efficiently will assist business and in this case, facilitate the speedy resolution of disputes.

Schedule 2 of the Bill also extends the remuneration setting responsibility of the Remuneration Tribunal.

Currently the Assistant Treasurer, as the responsible minister for these provisions, must determine the remuneration, terms and conditions of the Chairs and members of the Financial Reporting Council, and the Chairs of the Australian Accounting Standards Board and the Auditing and Assurance Standards Board.

The remuneration, terms and conditions of the members of the standards setting boards are currently determined by the Financial Reporting Council.
The Remuneration Tribunal, however, is an independent, specialist body responsible for the remuneration setting of other public offices.

The Bill extends the remuneration-setting responsibility of the Remuneration Tribunal to include the Financial Reporting Council, the Australian Accounting Standards Board and the Auditing and Assurance Standards Board. This ensures that the relevant remuneration, terms and conditions are consistent across Government and that less taxpayer-funded time is spent on inefficient Government processes.

In conclusion, this is an important package of amendments, with benefits that will be felt across the community.

The amendments contained in this Bill are collectively estimated to reduce business compliance costs by around $14 million per year.

There was extensive public and targeted consultation on the measures contained in this Bill to ensure that we got these amendments right.

This Bill received strong support when released for consultation.

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

Finally, I can inform the House that the Legislation and Governance Forum for Corporations was consulted in relation to the amendments and has approved them as required under the Corporations Agreement.

The ACTING DEPUTY PRESIDENT (Senator O'Neill): In accordance with standing order 115(3), further consideration of this bill is now adjourned to 11 February 2015.

Telecommunications Legislation Amendment (Deregulation) Bill 2014
Telecommunications (Industry Levy) Amendment Bill 2014

First Reading

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:26): 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 BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (17:27): I table a revised explanatory memorandum relating to the bills 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—

TELECOMMUNICATIONS LEGISLATION AMENDMENT (DEREGULATION) BILL 2014

The purpose of the Telecommunications Legislation Amendment (Deregulation) Bill 2014 (the Bill) is to contribute to the Government's deregulatory agenda to reduce red tape for industry and individuals
and streamline the delivery of public interest telecommunications services by reducing bureaucratic duplication and enabling clear lines of accountability.

The Bill includes:

- measures dealing with the abolition and transfer of the Telecommunications Universal Service Management Agency (TUSMA) to the Department of Communications; and
- deregulatory measures in relation to extending the Do Not Call Register registration period, reducing the scope of telephone pre-selection obligations, and removing redundant or outdated provisions and modernising a number of publication requirements in telecommunications legislation.

**Abolition and transfer of TUSMA (Public interest telecommunications services)**

TUSMA was established as a statutory agency dedicated to the implementation and administration of telecommunications service agreements and grants within its own legislative framework.

In line with the Government's current policy to consolidate smaller agencies to reduce administrative and governance costs, the Government, as part of the May 2014 Budget, announced its intention to abolish TUSMA, transfer TUSMA's responsibilities to the Department of Communications and transfer provisions relating to the assessment and collection of the Telecommunications Industry Levy to the *Telecommunications (Consumer Protection and Service Standards) Act 1999* (Consumer Protection Act).

The abolition and transfer of TUSMA's responsibilities to the Department of Communications will:

- enhance lines of accountability and help the Government focus on its core responsibilities and priorities
- ease the cost burden on business by modestly reducing the amount of the Telecommunications Industry Levy that industry pays to help fund the cost of delivering the universal service obligation and other public interest telecommunications services
- create greater certainty for industry by having a single agency responsible for policy and implementation of telecommunications universal service matters.

Further to the Bill, the *Telecommunications (Industry Levy) Amendment Bill 2014* makes consequential and transitional changes to the *Telecommunications (Industry Levy) Act 2012*, reflecting the transition of the assessment and collection of the industry levy from the *Telecommunications Universal Service Management Agency Act 2012* to the Consumer Protection Act.

**Deregulatory Measures**

The Bill also includes a number of deregulatory measures through amendments to key provisions in the:

- *Do Not Call Register Act 2006* (DNCR Act)
- *Telecommunications Act 1997* (Telecommunications Act)
- Consumer Protection Act.

**Do Not Call Register**

The Bill amends the DNCR Act by implementing an indefinite registration period for the Do Not Call Register and the 9.3 million numbers currently registered on it.

The Do Not Call Register is a popular consumer protection measure introduced by the Howard Government with over two-thirds of Australian households with a fixed line telephones and over four million mobile telephone numbers now registered.

The extensive consultation undertaken by the Government also supports this position with consumers overwhelmingly preferring an indefinite registration.
The amendment will allow consumers to register their telephone, mobile phone and fax numbers indefinitely, avoiding the need to re-register every eight years saving $3.4 million a year over a ten year period in administration costs.

The current exemptions for political parties and charities to make telemarketing calls remain intact and are not impacted by the amendments.

**Pre-selection**

The Bill also relaxes the obligations on telecommunications companies in Part 17 of the Telecommunications Act to provide pre-selection.

With competing carriers now able to bundle access calls and the uptake of consumers choosing bundled services, the use of pre-selection has declined considerably in recent years with approximately 30,000 customers still using these services.

In this context, the cost of requiring pre-selection capability to be built into platforms is not justifiable and can act as a deterrent to these platforms being used for voice services.

The Bill will limit pre-selection to legacy networks (public switched telephone and integrated services digital networks only).

This will not reduce pre-selection for existing customers, but will reduce costs to the telecommunications industry.

The Government anticipates that these changes will also increase flexibility in the delivery of telephony to Australian consumers.

A new ministerial power will be created to enable, by legislative instrument, particular telecommunications networks to be either excluded or included within the redefined scope of pre-selection.

These changes to pre-selection are a measure of a healthy and highly competitive telecommunications market in Australia.

The amendments in the Bill will limit pre-selection to legacy networks thus reducing costs to the telecommunications industry by an estimated $3.2 million a year.

**Telephone sex services**

This Bill will also repeal Part 9A of the Consumer Protection Act that regulates the supply of telephone sex services via a standard telephone service.

These provisions are now out-dated due to advances in technology, the evolution of the telecommunications market and changes in consumer behaviour.

The Government is not reducing the level of protections and community safeguards for content. The strong content rules established by the Broadcasting Services Act 1992 will remain in place.

**E-marketing**

The Government also proposes to remove the arrangements for the ACMA to register e-Marketing codes under Part 6 of the Tel Act.

In June 2014, the ACMA deregistered the eMarketing Code because its relevance had significantly diminished since it was first registered some nine years ago.

In line with this rationale, the Government considers the e-marketing provisions in Part 6 are also no longer relevant and it is unlikely that any future codes dealing with e-marketing activities will be necessary.

The interests and rights of consumers will not be lost by removing these provisions. The regulatory regime established by the Spam Act 2003 will address any future e-marketing issues.
Telecommunications Industry Ombudsman

The Bill also makes some minor amendments to the publishing requirements in Part 6 of the Consumer Protection Act. It removes antiquated "gazettal" publishing requirements to bring them into the 21st Century.

These changes reflect consumer reliance on web-based information and modern-day publishing practices.

Customer Service Guarantee

Lastly, the Bill also includes minor amendments to streamline and improve the operation of the Customer Service Guarantee (CSG) to help reduce the compliance burden on industry without impacting on the protections the CSG provides for consumers.

The proposed amendments and deregulatory measures in the Bill are the result of extensive consultation that began almost twelve months ago.

There has been extensive and close consultation between industry, consumer groups, government agencies and the Department of Communications as the Bills have been developed.

This involvement has been crucial to the deregulatory measures you see before your today. I thank all those who have been involved and for their commitment.

This Bill delivers real reform in the Communications portfolio through better regulation to lower the cost burden on industry and consumers with expected deregulatory savings of $6.71 million a year.

TELECOMMUNICATIONS (INDUSTRY LEVY) AMENDMENT BILL 2014


These amendments are necessary to ensure an industry levy will continue to be collected when the Telecommunication Universal Service Agency (TUSMA) is abolished and its functions transferred to the Department of Communications.

The Australian Communications and Media Authority will continue to collect this levy from telecommunications carriers who earn $25 million or more in an eligible revenue period.

This industry levy contributes to meeting the cost of delivery several public interest telecommunications services including:

- the Universal Service Obligation which ensures a reasonably accessible standard telephone service to all Australians on an equitable basis, regardless of where they live or carry on business;
- the National Relay Service which enables people with a hearing or speech impediment to make and receive telephone calls; and
- the triple zero national emergency call service.

Transferring TUSMA’s functions and responsibilities to the Department will help ease the cost burden on business by modestly reducing the amount of the Telecommunications Industry Levy.

By clearly delineating policy and regulatory responsibilities—and making administrative savings which will result in a modest levy reduction—these changes within the Communications portfolio are making a positive contribution to the Government’s programme of cutting red tape and streamlining public services.
The ACTING DEPUTY PRESIDENT (Senator O'Neill): In accordance with standing order 115(3), further consideration of these bills is now adjourned to 9 February 2015.

COMMITTEES

Legal and Constitutional Affairs Legislation Committee

Report

Senator IAN MACDONALD (Queensland) (17:28): On behalf of the Legal and Constitutional Affairs Legislation Committee, I present the report of the committee on the provisions of the Australian Citizenship and Other Legislation Amendment Bill 2014, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator IAN MACDONALD: I seek leave to make a couple of comments about the report I have just presented.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator IAN MACDONALD: I understand this is not the normal practice. I sought leave because I am not quite sure when else we can talk about these things. Of course, having being restricted to one minute, I am not going to be able to help the Senate much. Suffice it to say that the committee did take evidence on this legislation. There was some quite interesting evidence given. Regrettably, the report is not a unanimous report—there are dissenting reports from both the Labor Party and the Greens.

However, I simply point out that this is about a strengthening of the program of integrity for those wishing to become Australian citizens. It is a bill that does give the minister additional powers, but why else would he want the powers but to ensure that citizenship of our country is a very, very important grant and something that should be cherished and very carefully administered. This bill actually does that.

DOCUMENTS

National Mental Health Commission

Order for the Production of Documents

Senator McLUCAS (Queensland) (17:30): I seek leave to make a statement of probably about two minutes.

The DEPUTY PRESIDENT: Leave is granted for two minutes.

Senator McLUCAS: Just a moment ago I spoke and praised and thanked the government for tabling two reports that I had moved in this place for an order for the production of documents last week, because my office had been contacted by Senator Nash's office to say that she would not comply with the order that said that the reports were to be tabled by 3.30 today and that they would be dealt with during ministerial statements. That meant that my staff were led to believe that these reports were going to be tabled. So I came into this place and thanked the government for tabling them and thought that was the reasonable and proper thing to do. Then I get the document that says:

I note that the preliminary and interim reports referred to above are deliberative in nature and that tabling of these documents prior to finalisation of the review process would inhibit the ability of the government to properly respond to the review.
So everything I said five minutes ago I retract. This government is continuing to run this review in a cloud of secrecy. You cannot run mental health services by being secretive. The way to get a proper mental health policy in this place is to have an open conversation. This government should be condemned for the way they are using the National Mental Health Commission to deliver this inquiry and this review. The Mental Health Commission is a well-regarded entity in our health policy infrastructure and to use them in this way is appalling.

The two interim reports and the final report must be published for people living with mental illness and their service providers to have any faith that this government will do the right thing for people living with mental illness. I call on the government to engage properly and appropriately in this incredibly complex mental health policy space. (Time expired)

BILLS

Higher Education and Research Reform Amendment Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator WILLIAMS (New South Wales) (17:32): To think that we were disrupted by question time! Never worry, that is the agenda of the day and we will go along with that. I was talking about the amounts of money for investment in research, which, of course, involves a lot of our universities. If I can just repeat them: $150 million next financial year for the National Collaborative Research Infrastructure Strategy; $135.5 billion to deliver 100 new four-year research positions per year under the Future Fellowships scheme; $26 million to speed up research into dementia; $42 million to support new research into tropical disease; and $24 million to support the Antarctic Gateway Partnership.

I want to address the funding and the hysterical and false claims by Labor and the Greens that we are destroying the hopes and dreams of young Australians. I say that is simply wrong when people make those statements. It is a fact that we will provide $37 billion in funding to higher education institutions over the four financial years to 2017-18. I said '$37 billion'. That is a huge amount of money. If we go back to Senator Abetz's answer in the chamber here one day when he was comparing millions and billions and bringing them into seconds in time. One million seconds is just 11½ days; a billion seconds is 31.7 years. When we talk billions we talk huge amounts of money. As I said, we will provide $37 billion in funding to higher education institutions over the four financial years to 2017-18. We will spend more and more on higher education each and every year, which is in stark contrast to the previous government. What Labor hide from is the fact that in Labor's last budget year higher education funding was at $8.97 billion. But under the Abbott-Truss government, higher education funding is growing to $9.47 billion by 2017-18.

The really good news is that the subsidisation of students will increase. The Commonwealth Grants Scheme will rise from $6.2 billion to $6.7 billion in 2017-18. In summary, there is more money being spread amongst more students. Let us talk about the students. Under this bill for the first time ever all Australian undergraduate students in registered higher education institutions will be supported for all accredited courses from diplomas to bachelor degrees. This is all about opportunity. I repeat: from diplomas through to bachelor degrees. Each institution will charge its own fees. No doubt some fees will go up
and some will go down, but the Council of Private Higher Education has indicated its members will reduce its fees. Students will remain protected by the HECS system under which no Australian student need pay a cent up-front. That will remain locked in concrete. No Australian student will have to pay a cent up-front. No student will repay one cent until they are earning over $50,000 a year. That is a pretty good system subsidised by the taxpayers of Australia, isn't it, Senator Back.

Senator Back interjecting—

Senator WILLIAMS: You can walk into a university and do not have to pay a cent, and when you finish your degree and get a higher paying job you do not have to pay a cent back until you are earning more than $50,000 a year. University students earn on average 75 per cent more over their working lives than nongraduates and typically earn around $1 million more than nongraduates over their working lives. It is only fair they make a contribution to the cost of their education. I think it is just fair that they make a contribution to it when they are going to earn, on average, $1 million more than their fellow Australians who did not do a degree.

I want to talk more about regional education, because I am from a regional area. In recent years, I have had the opportunity to call in at the University of New England at Armidale, where I live close by; Charles Sturt University at Orange; and the Charles Sturt University campus at Port Macquarie. I want to talk about the great job our universities do with dentistry courses. This is one of my favourite topics, because dentists are in such short supply in many regional and remote areas. The figures I remember are that there are as few as 15 dentists per 100,000 people in remote areas, which is a huge shortage of dentists. I have always been concerned about the lack of doctors, dentists and other health professionals in rural and remote areas. For too long, young people came out of their training and headed straight back to the bright lights of the cities. So, rather than continually talk about it, I decided that I would actually do something about it. Five years ago, in conjunction with the National Rural Health Alliance, I sponsored a first-year dentistry student to the tune of $4,800. The student has to come from a regional area of New South Wales and commit to returning to a regional area to practise. There have been five outstanding recipients of my scholarship: Olivia Jom, Jessica Powell, Alayne White, Amelia Judson and the current recipient, Jarrod Brice, who has just completed his first year at the University of Adelaide.

I want to talk about Jarrod. When we were assessing the final six or seven to see who I would give my scholarship to, Jarrod was on Abstudy. He comes from the western town of Euston in the river country, and he wants to complete his dentistry degree and go out and work in many of those Aboriginal areas where so much is needed in relation to health issues and where dentistry is one of the services that is really in demand and required. These young people have all highly praised the training that they received in their first university year. I also want to pay tribute to their mentor, Dr Christopher Cole, a dentist in Armidale, who has given great support to these students.

Let us look at what this package means for regional students—students from places like Scone, Tweed Heads, Inverell, Moree and the small and large towns across rural and regional areas. Regional students will be the big winners. Providers will be able to offer more courses and compete for students. From 2016, they will be able to set their own tuition fees—universities like the very well regarded University of New England at Armidale. This
university was founded in 1938 as a college of the University of Sydney and became fully independent in 1954. It is Australia's oldest regional university. They do outstanding research there, particularly the CRCs.

In 2012 the Poultry CRC, headed by my good friend Professor Mingan Choct, won the prestigious World's Poultry Science Association Education Award, which recognised the CRC's efforts in outreach activities. It was poultry's equivalent to an Olympic gold medal, as it only happens once every four years and only one award is given out in this particular category. This is the type of excellent work being done in our regional universities and it was enhanced under our program. The Nationals have a strong link with UNE through Dr Earle Page, later Sir Earle Page, who was the first Chancellor of UNE, in 1954, and of course was Prime Minister, Deputy Prime Minister and Leader of the Country Party.

Non-university higher education institutions in regional communities—such as the higher education courses offered at TAFE—will also benefit from the government funding. The government will provide $274 million in regional loading in recognition of the higher costs incurred by regional campuses. That $274 million is a good subsidy and good financial support. Commonwealth scholarships will offer disadvantaged students more support than ever. These include fee exemptions, living costs and other support. The new Commonwealth scholarships will actually support disadvantaged students. We will require that universities and other higher education providers spend $1 in every $5 of additional revenue raised on scholarships for disadvantaged students. So those universities who raise their fees by $5 will have to spend $1 to promote more scholarships. In simple terms, the scholarships will be an enormous benefit to students from regional Australia because they will provide major support for living costs for regional students.

What are the university leaders saying about the bill before us? I quote from a media release by the Rural Universities Network and the Group of Eight on 8 September with the heading: 'RUN and Go8 urge Senate to pass higher education reforms with safeguards for low-income graduates and structural support for regional universities'. The release says:

Deregulation will allow all universities to play to their strengths.
The Australian Technology Network of Universities said on 28 August:

This significant structural reform provides universities with the autonomy to implement sustainable financial arrangements for teaching that align with the needs of current and future students.

Chief Executive of TAFE Directors Australia, Mr Martin Riordan, said on 28 August:

The package of higher education legislation would finally deliver improved equity for TAFE students, and would support industry demands for more 'work-ready' skills.

That is most important—work-ready skills so that people can go and do their TAFE course and be ready to get to work as we need them.

I mentioned the University of New England earlier. Let me quote from Mr Jim Barber, who was the Vice-Chancellor at UNE for several years. He says:

Australia never has and still doesn't provide demand-driven education in the sense of a service that is shaped by student preference or need.

This is most important. Mr Barber goes on:

Truly demand-driven education requires at least two further changes to our higher education system.
First we need education providers who are willing and able to unbundle the single-product offering that has been eligible for Commonwealth funding so far and second, we require a funding and regulatory environment that allows this to occur.

He goes on to say:

Indeed, a demand-driven system would require that students are not only able to choose the services they require but also the manner in which those services are delivered.

Mr Barber says:

… the prestigious university brands will find themselves going head-to-head with a raft of cheaper but equally high-quality competitors.

That is the important issue with this bill. I repeat:

… the prestigious university brands will find themselves going head-to-head with a raft of cheaper but equally high-quality competitors.

The other encouraging budget initiative is the opening up of Commonwealth-supported places to TAFEs and private providers. This is important because traditional universities are so constrained by fixed costs associated with infrastructure and academic employment conditions that it is unreasonable to expect them to achieve the level of unbundling necessary to create genuine choice.

Let's give our students genuine choice on what they want to do, what they want to study, what their profession is going to be. Mr Barber concludes:

Taken together, these budgetary and regulatory developments should increase the range of educational options on offer in Australia, providing students with genuine choice rather than Mao suits.

When that happens, Australia will be justified in describing its higher education system as demand-driven.

I will conclude by saying this is the important thing. Let's provide what the students want, not just a basic fixed course, and of course have encouragement from overseas. Our export earning from education is huge for this nation; I think it is the third largest export earner in our country. People come here from overseas to be educated, of course in primary-secondary but also many in tertiary, and that is why the universities support this. Sure, there are going to be amendments, and I commend Minister Christopher Pyne for working with senators Leyonhjelm, Day and others to see that this does pass the Senate.

This is important, and the basic bottom line here is that, at the moment, when someone does a degree, 60 per cent is paid for by the taxpayers even when they pay the HECS, HELP-FEEs et cetera back. They will earn over their lifetime an average of $1 million more than those Australian workers who did not go to university. We wish to raise that to 50 per cent. That is not too much to ask. I mentioned free education at the start of my speech. There is no such thing as free education; someone pays. Many of the bricklayers, the shearsers, the builders, the truckies—the blue-collar workers—who are out there paying tax, allowing these people to get their so-called free education that is not free have never stepped foot on a university campus. They have never been to university, but they work hard in their blue-collar work. It is likewise with many secretarial and women workers in so many important jobs keeping our country going. Many of them have never been to university, but they pay the taxes to allow others to go to university.

Life is about fairness. This bill also attends to fairness, and I commend the bill.
Senator CAROL BROWN (Tasmania) (17:47): I rise to speak on the Higher Education and Research Reform Amendment Bill 2014. This government is determined to undermine anything that creates opportunity for all and attack anything that addresses inequality, and that is what we have in this bill before us today: an outright attack on education. Those of us on this side believe university education should be accessible to all Australians, while those opposite would see it restricted to an elite few.

In their budget the Abbott government announced a triple hit to student fees. The changes cut the Commonwealth Grant Scheme funding for course delivery by 20 per cent, deregulate fees and change the HECS repayment indexation rates and thresholds. All of these changes will lead to higher costs for degrees. Today in question time we have seen in a response to a question from Senator Back by Senator Payne the government back away to the changes to the HELP/HECS indexation rate, but this is not enough. They need to abandon this package and go back to the drawing board. No amendment, no tinkering is going to fix this bill, because the bill is fundamentally wrong. The bill is a dog's breakfast.

This bill is nothing but a blueprint for an Americanised higher education system which will create a two-tier system. The Abbott government's first budget included massive cuts to funding for Commonwealth supported places which subsidise the cost of undergraduate university degrees for domestic students. Those opposite intend to cut on average 20 per cent from Commonwealth supported place funding, with some degrees cut by as much as 37 per cent. The government's own figures reveal that these cuts will rip $1.9 billion from universities. The impacts of these cuts are clear. Organisations from the Group of Eight to the National Tertiary Education Union have released modelling showing that university fees will need to go up by around 30 per cent just to make up for the cuts to Commonwealth supported places funding. In fact, according to Universities Australia, the cost of important courses like engineering and science will have to increase by 58 per cent just to make up for the cuts.

To facilitate these huge fee hikes the government is also seeking to remove price controls—that is, to deregulate student fees—from 1 January 2016. The removal of these price controls will see the prices balloon not only to cover the funding gap created by the government's cuts but also to fund research and a government mandated provisions of scholarships.

And let's be clear about the impact of fee deregulation. Fee deregulation will lead to substantial fee hikes. The international experience shows us what the future of higher education in Australia will look like if these changes go ahead. Nowhere in the world has deregulation of university fees led to price competition and lower fees for students. In fact, our own experience of partial deregulation of student contributions have already proven the fallacy of price competition in university fees. When the Howard government partially deregulated student contributions to allow universities to charge anything from zero to the maximum for a course, we saw every single university put the student contribution to the maximum amount.

We know that fee deregulation will not keep student contributions down. We know this because of the international experience and through our own experience of partial deregulation. Instead fee deregulation will see university course fees double or even triple. We will see degrees with $100,000 price tags. There should be no doubt that the Abbott government's plan for $100,000 degrees will make many talented students think twice about
pursuing a university education. Those who deny this obviously do not understand the decisions that families and students face. Saddling the next generation with debts of this scale will see people unable to buy a house or they may even put off having a family. People in the community understand this and understand the decisions people will have to make when they are considering going to university. That is why almost two-thirds of people reject the government's proposed changes to higher education, changes that will lead to a society made up of haves and have-nots and changes that strike at the heart of the idea of a fair go. This is neither fair nor in the best interests of our nation. These changes are not only short-sighted, but they are also ill-advised. The changes will have a particularly vicious effect on rural and regional universities, on mature age students and on people in vital but comparatively low-paid professions. Labor believes that government have a responsibility to properly fund universities, because quality higher education not only transforms lives but it transforms families, communities and our economy.

We all know the benefits of a good education and the power education has in transforming people's lives. Labor knows the benefits of giving young students hope and optimism and a reason to strive to achieve and get good results. We know that a university education should depend on your results at school and a student's commitment to hard work. It should not have anything to do with your parents' bank balance or where you live. A university education should be accessible to everyone and not just to a privileged few who can afford it. As Gough Whitlam said:

… a student’s merit rather than a parent’s wealth should decide who should benefit from the community’s vast financial commitment to tertiary education.

The changes in this bill will make higher education inaccessible to so many. They will deter many people from going to university. In spite of all the evidence that shows the crippling impact of higher fees, Mr Pyne and those opposite have tried to claim that their changes to higher education will actually benefit students from low-socioeconomic backgrounds because of the deceptively titled 'Commonwealth scholarships'. These Commonwealth scholarships will receive Commonwealth funding of zero dollars. These scholarships will be funded entirely by students. Under the governments proposed changes, universities will be required to direct 20 per cent of the additional revenue raised by higher fees to providing equity scholarships. This means that students, including those from low-socioeconomic backgrounds, will be funding these scholarships. And because of the ill-conceived design of the policy, it will be the elite universities, which we know have the lowest proportion of disadvantaged students, that will have most for these scholarships because they will be able to charge higher fees. These Commonwealth scholarships could be the biggest con in this entire package. But people see through this and through the bluff and bluster of those opposite and know that these higher education changes are not going to help students from disadvantaged backgrounds. The Minister for Education, Mr Christopher Pyne, claims that his proposed changes to higher education will benefit regional universities. He went as far as to say:

… regional and rural universities will be the big winners from these reforms …

However, the evidence presented to the Education and Employment Legislation Committee inquiry into this bill painted a very different picture. Professor Peter Lee, Chair of the Regional Universities Network, told the inquiry's Brisbane hearing that the combined effect of
a 20 per cent funding cut and uncapped fees would cause serious financial hardship for students at RUN campuses. Professor Lee said that he thought:

A mature age student who is working, often part time, an enrolled nurse … trying to become a registered nurse and a bookkeeper trying to become an accountant are not well remunerated. A teacher aide trying to become a full teacher … These are the characteristics of our students at regional universities … I think it does have a disproportionate impact on the types of students we enrol.

Similarly, the changes contained in this legislation will be a disaster for my home state of Tasmania. The University of Tasmania is the state's only university. It will be celebrating its 125th birthday next year. At the University of Tasmania, 29 per cent of the students are from low-SES backgrounds. I have to say that it will not be celebrating this bill or the massive cuts it faces of $35 million a year. That figure is not put forward by the Labor Party; this figure has been put forward by the Vice-Chancellor of the University of Tasmania, Professor Rathjen. Professor Rathjen knows that he will need to somehow come to grips with a massive cut of up to $35 million a year, each and every year. Even some of the government's own members of parliament belatedly understand the terrible effect of these cuts. The Liberal member for Bass, Andrew Nikolic, broke ranks and conceded that higher interest rates for student loans will hurt Tasmanian students, particularly those from disadvantaged backgrounds. Mr Nikolic was reported in the media as saying:

Tasmania has a unique situation and I don’t believe a one size fits all solution works for a community like Tasmania, where there is one university with campuses spread across the state.

I said to him (Mr Pyne) that Tasmania was a disadvantaged community and we need to make sure that the smartest kids from the poorest backgrounds get a fair go as well.

Now Mr Nikolic and his Tasmanian Liberal colleagues need to stand up and admit that the funding cuts and deregulation will also disadvantage Tasmanian students. By now he and his Liberal colleagues should also understand that UTAS may be forced to close a campus in northern Tasmania because of these changes. UTAS will have to make some very difficult decisions, because we know that this bill and these cuts will be felt hardest in regional Tasmania and the impact will be diabolical. UTAS must decide whether to raise fees, slash courses, abandon research or close a campus or a combination of all of these terrible options because of this bill. This bill is deeply flawed, unjust and will financially cripple students. This bill is rotten to the core and is one Australians did not vote for. This bill represents yet another broken promise from this government, which promised 'no cuts' to education.

In August, I had the privilege of hosting, with my colleague Senator Carr, a roundtable on the changes to higher education at the Sandy Bay campus of UTAS. It was well attended and one of the main concerns was that these cuts will deter poor students from going to university.

For many, a university education will no longer be an option. As families sit around the dining table, discussing their future university education will not even be a topic for discussion. Parents already struggling to put food on the table and pay their bills will not want their children faced with crippling debts from studying. We are talking about massive debts, with $100,000 degrees. By any measure these are extraordinary costs.

At the roundtable, most of the participants feared that the cuts in this bill may create a social underclass. In fact, one educator said all students must be aspirational and she believes the cuts will create a new underclass. Another long-serving and internationally respected academic described the cuts as 'catastrophic' for the Tasmanian economy. Many young
Tasmanians and many mature-age students will not want to take a gamble on being able to go to university and get a job and pay off their big debt.

This bill will have far-reaching implications for UTAS. These implications have been acknowledged by the Liberal state education minister in Tasmania, who has been pushing for a special deal for the University of Tasmania. The Tasmanian Liberal government is so concerned that it has been talking about the need to provide compensation for the University of Tasmania, because they know that the changes in the bill will be detrimental to the University of Tasmania, students and the broader Tasmanian community.

In his submission to the Senate Education and Employment Legislation Committee inquiry into this bill the Tasmanian Liberal Minister for Education and Training, Mr Rockliff, stated:

The Tasmanian Government is concerned that an unintended consequence of the reforms will be the University of Tasmania needing to focus more on teaching and less on research, or limit offerings in important courses such as science, engineering and agriculture, or indeed, limit campus locations. Any of these changes could likely drive students away from the state.

It seems that driving young people to leave Tasmania is this government's only plan for my home state. But what those opposite need to realise is that we are talking about real people; real people will be affected by this bill.

But, as I have said, the implications for Tasmanians are much broader than just the impact on students. As well as contributing to the social fabric of Tasmania and the strong sense of community, UTAS contributes an estimated $1.7 billion each year to the state's economy and is one of Tasmania's largest employers. There is considerable concern about the impact these changes will have in Tasmania.

Properly funding universities not only provides opportunities for individuals, but for families and communities and the nation as a whole. Funding universities properly is an investment in the future of this nation. The government's changes are exactly the opposite. These changes would deprive so many people of the opportunity to attend university. These changes would deprive our nation of the next generation of social workers and nurses, of scientists and engineers. These changes would lumber people with a lifetime of debt. These changes would be yet another broken promise from a government that promised 'no cuts to education'.

And before I finish, I want to put on record Professor Rathjen's concern about these changes. He said:

The ability of the University to recoup those reductions in revenue—
That is the revenue I talked about earlier of $35 million each and every year—
through fee premiums may be limited by the economic circumstances of the island.

... Those subjects that we do not teach, the research that we do not conduct, or the social programs that we do not support are unlikely to be replaced easily by other providers.

There is considerable concern in Tasmania—and, as I have said, it is not just from the University of Tasmania; it is from the whole community—as to what this rotten bill will do to higher education in Tasmania.

This bill breaks another promise: the promise not to make cuts to education. I know that by now the Australian community and indeed the Tasmanian community are, unfortunately, very used to this government reneging on broken promise after broken promise after broken
promise. No amount of tinkering, no amount of amendments—such as those that were announced today by Mr Pyne in question time, to continue the negotiations on this bill—will make it a good bill. This is a rotten bill and it should be rejected. I urge the Senate to reject this bill.

Senator LAMBIE (Tasmania) (18:05): I rise to speak to the Higher Education and Research Reform Amendment Bill 2014. This bill seeks to radically deregulate university fees by allowing universities to set whatever fees they want to charge students. The government currently caps the costs of tuition fees based on the type of degree students choose to undertake—for example, nursing, teaching or law. The bill also opens up HECS-HELP loans to students outside public university sectors. Students in private universities, TAFEs and other private education facilities studying for a diploma in a private university will for the first time in Australia's history attract public funding.

At the same time, the Higher Education and Research Reform Amendment Bill 2014 seeks to cut funding to universities in a number of ways. It seeks to: impose a 20 per cent cut across the board to subsidies for undergraduate student places; force a 3.25 per cent one-off efficiency dividend on the Australian Research Council, which will cut funding to research conducted in universities around the country; make a reduction in funding to the Research Training Scheme, which supports higher education research students; and reduce government funding of higher education over the long term by forcing changes in indexation for Commonwealth grant funding.

The bill also seeks to force universities to fund a certain number of scholarships out of the profits they will make from charging fee-paying students more money for courses.

This Senate is faced with a number of important decisions which will have a significant impact on the future of Australia. These decisions, especially those with regards to the government's plans for higher education, will profoundly change the course of national events and the culture of Australia for better or for worse. Unfortunately if this legislation passes this Senate, Australia will be worse off.

If we accept the Liberals' proposed radical plans for higher education contained in this bill, as a nation we will take a large step to the right. Our country will become less caring, a place where class differences become greater. A fair go will be a term our children will read about in history books rather than experience first-hand. I fear that if this Senate follows the course set out by the Liberals in this education bill, our grandchildren's prosperity and opportunities in life will be influenced more by how much wealth and status their family has rather than their ability to work hard, study, learn and show disciplined behaviour. The haves, in a future Australian society dominated by Liberal policies presented to this parliament in recent times, will be guaranteed to have more. And the have-nots will be forced to fight amongst themselves for a fair go and a smaller share of the Australian commonwealth.

If we want to be given a glimpse into the future, we should look to America's higher education and health systems, which appear to inspire and motivate the Liberal members of this parliament. America's higher education and health systems are unforgiving, market-driven social structures, which the economic rationalists love—that is, until those economic rationalists experience one of the knocks in life where family sickness or unexpected personal misfortune means a life of poverty and a continuous struggle for survival. While I admire America's love of personal rights, freedom and liberty, their respect for what is right and just,
their productivity and innovation, and while I am in awe of their willingness to shed blood to protect this world from tyrants and dictators, that does not mean that I am blind to the faults of their society and their culture. Two of America's biggest cultural faults, I believe, are found in their education and health systems, where wealth and social status always guarantee better education and health outcomes for younger people.

That is why I am fearful that, should the Australian Senate agree to the Liberals radical legislative proposals, which have been heavily influenced by the world of JFK in health and education, then our grandchildren's future will contain the worst of the American culture while missing out on the social safeguards found in their Bill of Rights, their Constitution and the guarantee of wealth-creating opportunities of being a citizen of the world's largest economy.

If you compare my pecuniary interest register with that of other members of the Australian parliament, it will not come as a surprise when I say that I am probably one of the least wealthy senators. I know what it is like to be poor and sick and to have to count every cent. I have experienced first-hand some of life's misfortunes. I know how hard it is to fight back after you have hit rock bottom and that is why I am determined to fight and to speak out for the poor people of Tasmania and for present and future Australians.

I will make decisions today in this Senate that will help the Australian battlers receive better education and health opportunities. Politicians in this parliament, those who have been born to wealth and privilege, those who naturally consider themselves as part of Australia's ruling elite, those who do not like me and people like me because I did not go to their schools or socialise in their groups and those who say I am not qualified to stand in this Senate will never really understand why I will vote to reject their plan to fundamentally change the culture of Australia. They will take my opposition to their extreme right-wing policies as a personal attack on them. However, it has nothing to do with them. It is the future of poorer Australians and battling Tasmanians that I am voting to protect.

It is the underdog and the fact that I want a higher education system that is free to all young Australians that I am fighting for. Because Liberal and National members of the parliament chose to hide their plans for higher education before the election, the Australian people have not been presented with an opportunity to properly debate and consider the future of higher education in Australia. The debate about the future of higher education in Australia only started after the last federal election. And it has been a one-sided debate which assumes that a return to free higher education has been ruled out. Why?

The standard reply from the Liberal members of this place is 'we need a sustainable model'. The only thing that I know for certain is that this Liberal government and its education minister will not be here in two years—they are unsustainable themselves. Under Mr Pyne's leadership, the Liberal government held a gun to the heads of our universities, University of Tasmania included, and took their money. They now want to impose on our young people a radical plan to allow university course fees to skyrocket and, in doing so, change the culture and future of higher education in Australia to match that of America. Their plan lacks political legitimacy because it was never discussed with the Australian people before the last federal election.

The government's higher education plan has no mandate. My strong suggestion to both the government and the opposition is: get your house in order; consult with the experts, students
and ordinary Australian people, and put a plan together, and then take it to the next federal election. Let the Australian people decide at the next federal election who has the best plan to deliver higher education to future generations of Australians. In the meantime, this Abbott government must get its priorities right. It has plenty of money in the budget. There is the $25 billion over the forward estimates for Paid Parental Leave, $30 billion for foreign aid and $5 billion for federal government bribes—and they are bribes—for those states that sell off their public assets.

Give the public funding back to the universities. Create certainty for students and families and allow a proper debate on the future of university deregulation. There is no urgency to put in place a new government policy for Australian higher education. This is a matter which can be sorted out between now and the next federal election. This deal for higher education must be right and agreed on by the majority of Australians. The haste in which the current education minister is pushing this deal reminds me of a dodgy used-car salesman trying to flog a lemon in Sydney's western suburbs, and I am not buying it.

Another unsavoury tactic the education minister is using in order to try to force me into accepting his higher education mess is the restructuring of the University of Tasmania. The University of Tasmania, in order to remain academically healthy and relevant to Tasmanian young people and to be able to continue with their world-class research, needs to be restructured. Minister Pyne has made it clear to me that without his higher education plan passed through the Senate, then restructuring at UTAS 'can't happen'. This, of course, is not true. Restructuring at UTAS can go ahead without the Liberal's plan to turn our higher education system into the academic equivalent of the Hunger Games. My message to the education minister is simple: stop the spin and tell the truth. Your hands as a minister are not tied. The education minister can authorise the restructuring of UTAS without this legislation passing this Senate.

By ambushing the Australian people with their higher education policy after the election and by cutting back on university funding, this government have been able to guarantee a one-sided public debate. Until recent times, the majority of people in this public conversation about the funding of higher education have assumed that deregulation of higher education and skyrocketing university fees were a done deal. What was missing in the higher education debate and public conversation was the argument for a free university education.

In order to better understand the background surrounding the debate about higher education reform, I commissioned a Parliamentary Library research brief which examined other countries in the world which provided—and I say, 'provided'—free higher education. It is worthwhile sharing elements of this brief. The Parliamentary Library looked at the effects of free university education: the benefits and disadvantages. I quote from the library brief:

The OECD provides a useful analysis:

The cost of higher education and the best way to support students in paying for that education are among the most hotly debated public policy topics in education today. The level of tuition fees charged by tertiary institutions—as well as the level and type of financial assistance countries provide through their student support systems—can greatly influence the access to and equity in tertiary education.

Striking the right balance between providing sufficient support to institutions through tuition fees and maintaining access and equity is challenging. On the one hand, higher tuition fees increase the resources available to educational institutions, support their efforts to maintain quality academic
programmes and develop new ones, and can help institutions accommodate increases in student enrolment. Thus, several factors influence the level of tuition fees, such as the salary of professors, in the competition to hire the best ones in a global academic market; the development of non-teaching services (employability services, relations with companies); the growth of digital learning; and investments to support internationalisation.

However, tuition fees may also restrict access to higher education for students—particularly those from low-income backgrounds—in the absence of a strong system of public support to help them pay or reimburse the cost of their studies. In addition, high tuition fees may prevent some students from pursuing fields that require extended periods of study, especially when labour market opportunities are not sufficient in these fields.

On the other hand, lower tuition fees can help to promote student access and equity in higher education, particularly among disadvantaged populations. However, they may also constrain the ability of tertiary institutions to maintain an appropriate quality of education, especially in light of the massive expansion of tertiary education in all OECD countries in recent years. Moreover, budgetary pressures stemming from the global economic crisis may make it more difficult for countries that have lower tuition fees to sustain this model in the future.

Differentiating tuition fees (by level of education, field of education, student background or mode of delivery) is a way for countries to adjust the level of tuition fees to take into account equity issues to access tertiary education, costs to provide education and labour market opportunities.

A few sentences from the OECD analysis stood out for me:

However, tuition fees may also restrict access to higher education for students—particularly those from low-income backgrounds …

Tasmania has more than its fair share of families and students from low-income backgrounds …

If I allow this government to have its way and dramatically increase tuition fees for the students at the University of Tasmania, there will be fewer students who have access to higher education. Therefore, there will be fewer young Tasmanians who have opportunities to earn more over their lifetime, to be socially mobile and more productive and to improve their families’ wellbeing. How am I supposed to vote for this government's plan for higher education when I know that it will hurt the University of Tasmania and that then, ultimately, the hurt will be passed right through Tasmania by limiting the number of young people with higher education?

The OECD report also said:

In addition, high tuition fees may prevent some students from pursuing fields that require extended periods of study…

This is especially so when labour market opportunities are not sufficient in these fields.

What guarantee has this government given to the people of Tasmania that their higher education plan will not produce fewer masters students and people who hold doctorates? The answer to that question is this: there is no guarantee—there is no guarantee! How am I supposed to vote for this government's plan when I know it will cause fewer innovation, research, business and job creation opportunities?

This debate about higher education in Australia is being conducted as if a deregulated tuition fee system is the only way the rest of the world delivers learning opportunities to its
sons and daughters. Once again, the Parliamentary Library briefing that I commissioned opens any reasonable person's mind to other funding models:

The OECD report, Education at a Glance 2014: OECD Indicators show that public tertiary institutions in eight OECD countries do not charge tuition fees. These countries are the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) and Mexico, Poland and Slovenia. However, during the past decade, Denmark and Sweden (as of 2011) have introduced tuition fees for international students …

Why can't Australia follow the example set by the Nordic countries? After all, they are recognised worldwide as having some of the best education systems and teachers. Their businesses and professionals are acknowledged as some of the most innovative, productive and profitable in the world. Surely we could do a lot worse than follow their example—or at least we could consult with their education experts. At the very least, this is an important debate that our nation should have before we vote in this Senate on legislation which has the potential to profoundly change our culture and society for the worse. The Parliamentary Library report shows that Nordic countries invest between one and 1.9 per cent of their GDP on higher education. If we invested a similar amount, we would spend about $25 billion—the same amount we currently spend on the defence of Australia.

In closing, I am appealing to my fellow crossbench senator, Senator Ricky Muir. I believe his vote will be critical in order to defeat this radical Liberal plan to increase the cost of university degrees. I ask that, before he votes, Ricky consider the tens of thousands of children who come from working class backgrounds who will never be given the opportunity to better themselves and improve their lot in life through a university education—because the Liberals' costs will scare them and stop them from even dreaming of a university degree. This legislation is deliberately designed to keep working class people in their place by Liberals who think they are born to rule and lord over normal Australians. I strongly oppose the Higher Education and Research Reform Amendment Bill 2014.

Senator BERNARDI (South Australia) (18:24): It will come as no surprise that I support the Higher Education and Research Reform Amendment Bill—not because I am part of the landed gentry seeking to oppress the working class or to stop the impoverished from receiving an education; such nonsense does not reflect any of the facts in this bill. My support for the bill and for reform of higher education is a longstanding commitment. I am perhaps the most failed university student in this place, and I had the opportunity to attend the then South Australian Institute of Technology, now the University of South Australia, when HECS was first introduced. In keeping with my current status, I took the unpopular view at the time that it was right for individuals to make some contribution towards their educational requirements. There is no such thing as free education. It is paid for by somebody, and the free education that Senator Lambie and others are talking about is paid for by taxpayers. Taxpayers already make a huge contribution to government and yet not everybody goes to university—and not everybody who goes to university studies practical, sensible things that are going to generate wealth for the community. Some go to university because they feel it is a compulsion and they need to do it in order to somehow get ahead. There is nothing in this bill that stops any individual who wants to go to university, if they attain the right entry requirements, from attending university. They do not have to part with any money, and they do not have to pay any money back until they have got one of those job opportunities that Senator Lambie talked about and earn over $50,000 a year.
The point is that we have to make reforms in this country that make people think about the cost to themselves or to other taxpayers of the choices that they make. That has been one of the hallmarks of this government—and it has been rejected loudly by those on the other side, who do not like accountability, and financial accountability in particular. Is it not right for those who say they want to study arts or they want to be a doctor or they want to be a dentist—they all make valuable contributions to our society—to pick up some of the tab for their education funding via a very low-interest loan from the government? On the other side of the coin, those equally important people who decide to become an electrician or a carpenter or a builder and do a trade make their contribution by taking a very low salary and by investing through their employer in vocational training, for which there is also some support from government—but the translation is that they become on-the-job students, if you will. I am not going to say that a university graduate plays a more vital economic role than a tradesman—I would not tell that to my children; I would not say they have got to go to university and study arts or do a particular course simply because it is expected, because I do not think university is necessarily for everyone. But the opportunity should be there for everyone.

This is where the arguments that I just heard from Senator Lambie and others go wrong—there is nothing in what is proposed that stops people from entering the higher education sector. Yes there is a cost, yes there is going to be a competitive marketplace put forward by universities, but shouldn't universities be able to compete not only on price but on quality of education as well? They have to be able to say they are going to provide a more comprehensive package or a less comprehensive package; that they are going to specialise in one field while another university might specialise in another. People can then make appropriate choices. That is the hallmark of a responsible and sustainable higher education system. Already we are putting some $8 billion, rising to $9½ billion, into higher education in this country. It is a good start, and what we are quibbling about is asking people to pay back some of the cost of their education when they have a job and they have exceeded the threshold salary level. That is what young people have got used to today. It has not stopped them going to university, and this bill offers even more flexibility for universities to provide the education that matters. It is great to have philosophers and theorists and researchers, but for people who are interested in getting ahead in the business world or in making a substantial financial contribution to their families and to the nation, more often than not they have to learn a commercially viable skill—and I believe a commercially viable skill is what has been lacking in a number of university courses. That is a personal view. If you want to get ahead financially, you have to learn something that is commercially viable, that is practical and that is going to add value to your employer or is going to add value to the marketplace out there. That is inherently sensible because, if you learn something that is not going to be able to provide you with a living, we have to ask ourselves what is the point of pursuing it at any meaningful level? But we are not going to be disqualifying individuals from making the choices that they want to make.

Debate adjourned.

Proceedings suspended from 18:30 to 19:30
BUSINESS

Rearrangement

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (19:30): I move:
That the order of consideration of government business orders of the day for the remainder of today be as follows:
  No. 3 Tertiary Education Quality and Standards Agency Amendment Bill 2014
  No. 2 Tax and Superannuation Laws Amendment (2014 Measures No. 6) Bill 2014
  No. 5 Australian Citizenship Amendment (Intercountry Adoption) Bill 2014
  No. 1 Higher Education and Research Reform Amendment Bill 2014
  No. 6 Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014
  No. 4 Parliamentary Entitlements Legislation Amendment Bill 2014.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (19:31): I move:
Omit all words after "That—", substitute "government business order of the day no. 25 relating to the Omnibus Repeal Day (Spring 2014) Bill 2014 be called on immediately and have precedence over all other government business until determined."

This amendment will give precedence to the Omnibus Repeal Day (Spring 2014) Bill 2014. It will give the omnibus bill precedence until determined.

This is a bill about the efficient working of government and the efficient allocation of resources. It is a bill that goes to the heart of the debate about not wasting taxpayers' money. This bill amends around 30 acts, but after last week's disgraceful slur against the workers of the ASC by the Minister for Defence, it is clear that this bill needs to be amended at least one more time. We need to rearrange business so that the omnibus repeal bill can be debated immediately and the Public Governance, Performance and Accountability Act amended. It has to be amended so that our new submarine fleet cannot be built without a competitive tender process including a funded project definition study. This project is too important to the future of our nation. We cannot afford to choose our subs on the basis of some preordained sweetheart deal.

Let me quote from the second reading debate on this bill in the other place. The Parliamentary Secretary to the Prime Minister said that the omnibus bill is about 'making Australia a more attractive place to invest.' He also said 'it is about ensuring good governance'. I can think of few issues where good governance and proper accountability would be more important than it is for our Future Submarine project. We simply cannot allow personal bias to influence such an important decision. It is an acquisition that will deliver one of our most strategically significant defence capabilities and more than $20 billion will be spent on it. There can be nothing more important, when it comes to public governance, performance and accountability, than ensuring that our new submarines are not chosen on a whim.

The defence minister and the Abbott government simply cannot be trusted when it comes to Australia's future submarines. This is one of the largest defence acquisitions the
Commonwealth will ever make. All of us in this place have a responsibility to ensure that our new submarine fleet is the very best it can be and is delivered at the best price for taxpayers. Only a competitive tender will achieve this.

This government has had more than twelve months to listen to the experts. They all say that a competitive tender with a project definition study needs to be undertaken. The defence minister has ignored the experts and broken his promise to build the submarines in Adelaide. When it comes to the Future Submarine project, the Minister for Defence has shown his personal bias. He said he would not trust the ASC to build a canoe—that makes it clear that he should not be trusted with this vital acquisition. He has shown he is not interested in government accountability or ensuring Australia gets the best submarine at the best price to the taxpayer.

Importantly, Labor's plans for the omnibus bill also put into effect the first recommendation of the recent Senate report into the Future Submarine project. Expert after expert told the Senate that we cannot be sure we are getting the best submarine without a competitive tender. This included experts like Dr John White, whom the minister commissioned to write a report on our air warfare destroyers—a report the minister is now keeping secret. Dr White told the Senate:

There are significant technical, commercial and capability gap risks invoked by prematurely and unilaterally committing to a preferred overseas, sole-source supplier.

This is what we risk if the government ignores the experts and does not undertake a competitive tender including a project definition study.

Since the election we have seen too much secrecy surround this decision, although we have had leak after leak from this government making wild and distorted claims about the cost of Australian built submarines and the capacity of Australian industry to deliver. These leaks have speculated that the cost of the submarines built in Australia could be anywhere from $36 billion to $80 billion. This speculation continued up until as late as just a few weeks ago, when the minister said:

... an upfront acquisition cost of about $40 billion is going to play out to something like $80 billion over the term of the program.

This is happening even though submarine manufacturers from all over the world are telling the minister that they can be built in Australia for around $20 billion. ASC told the Senate estimates last week that submarines that meet these needs can be built in Australia for between $18 billion and $24 billion. Did the minister rejoice when he heard that the Australian submarine builder can match the prices of their international competitors? I would have thought it was good news. No. He went on radio to play the man and not the ball, once again questioning the ability of Australian industry. He tried to humiliate the acting CEO of the ASC, claiming that he only sustained submarines. Once again, this hapless minister was wrong. He was criticising someone who had built and sustained submarines for 25 years. This ill-tempered remark by the minister, unfortunately, however, was only the start.

No-one will forget the disgraceful claim in the Senate last week that he would not trust the ASC to build a canoe—an outrageous attack by a minister under pressure who has been abandoned by his colleagues. More than this, we have also seen a scurrilous campaign from the defence minister to undermine the experience and capability of Australian submarine builders and shipbuilders. The minister called the air warfare destroyer project 'a disgraceful
mess of a program’. When the minister excluded Australian companies from the tender for the new navy supply ships, he said it was because they were ‘beyond the capacity of Australia to produce competitively’. He was not always this glum. In May last year, when he was in Adelaide campaigning for votes, he said:

… there is only one place that has all of the expertise that's necessary to complete one of the most complex, difficult and costly capital works projects that Australia can undertake. It's ASC here in Adelaide. We believe that all of the expertise that is necessary for that project is here.

That was the minister when he was chasing votes in Adelaide 12 months ago. The minister was talking about the same men and women that he is now throwing under the bus. Labor believes that this is an industry that is capable of doing all this again and should be given the opportunity to compete for the future submarines.

In government, Labor saw the need for the future submarines and worked to address it. We allocated $214 million to studies and analysis on what our needs were and what technologies were available. We investigated and ruled out the MOTS option, including the Soryu, for the future submarine project. And guess what. After more than 12 months of intensive investigation on this subject, guess what the minister confirmed just a few weeks ago. He finally reached the conclusion that we cannot take a MOTS option. After 12 wasted months, the minister, in a speech to the Submarine Institute conference, came to the same conclusion that Labor came to 12 months ago. Then he blames us for the delay. We selected the US AN/BYG-1 combat system and the mark 48 torpedoes. We began working towards establishing a land based test facility centred in Adelaide. We established the Future Submarine Industry Skills Plan. We did all of this because we knew that, in order to avoid a submarine capability gap, we needed to work calmly and methodically to understand what capability the ADF needed and how we could acquire it at the best possible price.

Despite all of this, the minister claims that nothing has been done and that there is no time now for a competitive tender process. The Senate inquiry into navy shipbuilding has recently heard that there is still sufficient time, despite the procrastination from this minister and the gall of trying to blame us while he has done nothing for 12 months except make the same decision we had already made. There is still sufficient time, despite the procrastination by this minister, to undertake a proper competitive tender process with a funded project definition study, and a capability gap is avoidable. Commodore Paul Greenfield told the Senate:

If government wants to avoid a capability gap, the timing of delivery and the rate of delivery can be arranged so that the new submarines can be introduced in lockstep with the Collins submarines as they are withdrawn from service.

In May last year, we all heard the now defence minister famously stand outside the ASC in Adelaide and say:

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

People in Adelaide took the minister at his word, and he has let them down. Senator Edwards, Senator Fawcett, Senator Ruston and Senator Birmingham, this is your big chance. This is your opportunity to put your money where your mouth is and support South Australia. By supporting this amendment, you will ensure that there is a proper competitive tender process with a funded project definition study—something most of the Liberal senators from South Australia are on the record as supporting. You have said that this is what you believe should
happen. Now is the chance for you to prove that what you have been saying is what you are going to do.

The Senate inquiry has shown that, if we hold a proper process, which considers the vital role that the Australian industry plays in national security, these submarines will be built in Australia.

The education minister—when he is not running a million miles from the minister—has said that he is losing sleep over jobs being lost at ASC. Dear oh dear.

**Senator Sterle:** He should start a petition!

**Senator CONROY:** He should start a petition against the government.

**Senator Sterle interjecting—**

**Senator CONROY:** Oh, he has already done that. No, you are right. If he could just get that petition going! But, more importantly, perhaps he could vote for this amendment when it goes back to the other place. When it goes back to the other place, the Minister for Education can put his money where his mouth is. If the government really wants proper process, if the government wants to ensure efficiency and accountability, then it should support this rearrangement of government business. The government should support a competitive tender process for our future submarines, and now it has the chance to put it in place by supporting this amendment and by supporting the amendment to the red tape deregulation omnibus bill.

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (19:45): This attempt to amend the government's motion to rearrange business demonstrates one of the most blatant and significant breaches of faith that I have seen in this place in my 10 years. Let me give the chamber some background to this. Senator Peris, you might not know this, so I think it is important that I share this. Earlier today the Leader of the Government in the Senate convened a meeting of leaders, whips and managers to discuss the program and sitting hours for the remainder of this week. At that meeting it was determined that a list of legislation would be circulated to all parties—Labor, the Greens, the crossbenchers—and that there would be a resumption of that meeting at 7.30 tonight.

Parallel to that, I had discussions with the Manager of Opposition Business in this place asking if the opposition would be happy for business to be rearranged at 7.30 and to commence with the Tertiary Education Quality and Standards Agency Amendment Bill 2014, which I know Senator Carr is keen to progress, Tax and Superannuation Laws Amendment (2014 Measures No. 6) Bill 2014 and the Australian Citizenship Amendment (Intercountry Adoption) Bill 2014. Senator Moore consulted with her colleagues, as is often the case with these sorts of matters, and came back and said, yes, that was supported. I also contacted the Australian Greens' Senator Siewert and put the same proposition to her, and she said, yes, that was accepted. The proposition was then circulated; the motion that Senator Nash moved was circulated to crossbench senators. There was agreement across the chamber as to what the rearrangement would be at 7.30.

There was also agreement that there would be a leaders, whips and managers meeting at 7.30. I took the opposition at their word in good faith because we need to be able to trust each other on these sorts of discussions. I took them in good faith. And so I attended, at 7.30, the leaders, whips and managers meeting only to be told by Senator Wong: 'By the way, we're
going to seek to rearrange the business ourselves. We're going to seek to bring on another bill.' I get down to the chamber because obviously I cannot continue in the leaders, whips and managers meeting at the time agreed by all parties because of what is happening in this place. I come down here and I see the text of Senator Conroy's amendment to the motion to rearrange business, and I see that Senator Conroy has circulated amendments to the omnibus repeal bill, which he seeks to bring on. So you can forgive me for being a little disappointed, a little confused and a little perplexed. I would have thought that the decent and honourable thing would have been, when I put the rearrangement proposition to the opposition, if they had other plans, then maybe not to share their plans with me but to say, 'No, we don't support that rearrangement.' That is one thing.

Another thing, in parallel: they undertook this stunt at 7.30, when the leaders, the managers, the whips and all the crossbenchers were gathered together at 7.30—meeting at a prearranged time; meeting in a spirit of goodwill and cooperation; meeting on a basis of good faith to work out how the business of this place, by agreement, would proceed. What do the opposition do? They take advantage of that good faith; they take advantage of the very protocols that this place operates on—that is, that you can at least have a leaders, whips and managers meeting from time to time to talk about what is possible, what can be agreed upon.

I have never in my 10 years in this place, Senator Macdonald, seen a situation where the opposition not only breach an undertaking they gave to support a rearrangement of business—to bring on Nos 3, 2 and 5 that I have referred to already—but also, and even worse than that, seek to use the cover of a leaders, whips and managers meeting at 7.30. They were seeking to use that as a cover; they were seeking to use the fact that all of the principals of this place were otherwise occupied as a cover for this stunt. This is poor. This is more than ordinary, this is appalling, and it goes to undermine the basis of trust. Yes, we disagree on many things and, yes, we have robust debates, but your word has got to be your word. When you say to someone from the Labor Party or to someone from the Greens or to someone from the crossbenchers, 'Will you support this particular motion?' and they say, 'Yes', then I think we should be able to take that to the bank. And the reverse should be true. If you undertake to support a particular proposition and we say, 'Yes', you should be able to take it to the bank. There has to be basic trust between the party leaders, between the managers and between the whips. This place cannot function if you pull these sorts of stunts, if you ignore the undertaking that was given to me to support our rearrangements, if you use the cover of a leaders, whips and managers meeting to pull this stunt. I am sorry, it is not good enough while that is happening for Senator Wong to say, 'By the way, this is happening now,' and feign ignorance about the agreements that had been reached between parties. This is one of the most appalling things I have seen in my time.

You might not necessarily share your tactics and your strategy, but you do not use the cover of leaders, managers and whips meetings and you certainly do not give an undertaking that you have no intention of fulfilling. What you should do when a proposition is put by me to rearrange business is simply say, 'We do not agree with your proposition to rearrange business.' You do not have to share your tactics. You can just say, 'No, we do not support your proposition,' and then you can do what you do. That is what you should have done.

You should not have used the leaders, whips and managers meeting at 7.30, which was gathering in the spirit of good faith to see legislatively what is possible in the remainder of
this sitting week—to see in terms of hours what is possible and what can be agreed. I am willing to give the benefit of the doubt to some of those opposite that they did not know that the leaders and whips meeting was happening at 7.30, but Senator Wong certainly did. I give the benefit of the doubt to some of those opposite that they did not know the discussions that took place between me and Senator Moore, but Senator Moore did and Senator Wong would have.

Senator Canavan: Where is Senator Moore?

Senator Ian Macdonald: Where is Senator Wong?

Senator FIFIELD: Senator Moore and Senator Wong are in the leaders and whips meeting in Senator Abetz's office, which of course I had to leave to come and see what was happening here in the chamber. Senator Macdonald has been here longer than possibly only one other person. Senator Macdonald plays his politics tough and hard, but Senator Macdonald is someone whose word you can trust: if he tells you he is going to do something, you know he will do it and, if he tells you he is not going to do something, you know he is not going to do it. The same goes for many colleagues around this chamber. I can see from the looks on the faces of some opposite that what I am saying in relation to the leaders and whips meeting at 7.30 and what I am saying about my discussions with Senator Moore come as a bit of a shock and a surprise to them, because I know for some of those opposite it is not the way they play politics. They are people of their word.

Senator Kim Carr interjecting—

Senator FIFIELD: Take my word for it, Senator Carr, as we speak there is a leaders and whips meeting happening in Senator Abetz's office. Senator Wong is there. All the crossbenchers are there. Senator Milne is there. Senator Siewert is there. It is a matter of record and a matter of fact that that is happening. I did discuss with Senator Siewert and Senator Moore the rearrangement of business, to which there was agreement. I honestly cannot believe I am in this situation. A little part at the back of my mind was saying, 'Maybe you should head down to the chamber at 7.30 just in case they try something, just in case they pull something,' but I relied on the fact that there are some basic rules and some basic courtesies that apply in this place. There is a base level of trust that operates in this place.

I am almost speechless at what has transpired here. While we are here debating an amendment to a rearrangement motion which seeks to up-end the program, the leaders, managers and whips meeting is taking place in Senator Abetz's office with Senator Wong to discuss how we can make this place work, how we can agree upon the way to proceed for the week ahead. Of course the opposition have the right to procedurally pull stunts, make points and highlight issues that they think are important. When we were in opposition we did as well, but there is a base level of trust here. Do not say you are going to do something when you are not. Do not agree to something that you are not intending to support. And I say again: do not use the leaders, managers and whips meeting as a cover—while everyone is away, while everyone is out—to put this on.

There have to be certain protocols and certain standards. There has to be a certain level of trust for this place to operate. I am more than disappointed; I am appalled and surprised. I ask those senators opposite to reconsider the path they are going down. I ask the crossbenchers and the Australian Greens to not support this breach of
trust. If this place is to work, there have to be standards. We must be able to rely on each other's word when it is properly and solemnly given, otherwise this place cannot work.

Senator IAN MACDONALD (Queensland) (19:58): I cannot believe what I am hearing. I have been here for a very long time and I have seen some robust debates and some surprise tactics, but not this approach of agreeing to something and then completely disregarding it and going the other way at a time when those who should be leading in this chamber are otherwise engaged in an arrangement that is meant to make sure the chamber operates properly. I call upon the crossbenchers to support what Senator Fifield has said, but of course none of them are here to hear this debate. Why are they not here to hear the debate? Because they are in the meeting that is being held to determine what is happening. The Greens, instead of having their respected whip, Senator Siewert, here and their leader, have left a couple of flunkies to try and—I am not sure why they are here.

As I say, I have been here a long, long time and I have never seen this. You can understand it coming from the likes of Senator Cameron, who supported my namesake in New South Wales politics, the other Ian Macdonald; Senator Dastyari, who was the leader of the ALP in Sydney at the time that Eddie Obeid and my namesake were handing out their favours to all and sundry. You would sort of expect that from them. But you would not expect it from the person who is supposedly the Leader of the Opposition in the Senate—a person who is only in this place because of people who made commitments and who actually then stood by their commitments. The commitment was, of course, that another senator won the ballot in the Labor Party in South Australia and was top of the ticket, but a deal was done and people stood by their deal. That is not right, Senator Bullock?

Senator Bullock interjecting—

Senator IAN MACDONALD: It is a shame it happened, I agree with you. I would have preferred the guy who came in No. 1 from the 'Shoppies', as I understand. He should have been No. 1. There you go. I do not want to delay the chamber. Suffice it to say that I would certainly hope that when the crossbenchers come back on the division—when Senator Siewert and the acting leader of the Palmer United Party come back from the normal arrangement that is done, then perhaps this amendment will be defeated, as it should be.

Just before I do sit down I just want to congratulate the President, the Deputy President, the Speaker and Senator Brandis for a wonderful event which happened out the front. It was all about the spirit of Christmas. There were people from Opera Australia and the Woden Valley Youth Choir. It was wonderful.

Senator Dastyari interjecting—

Senator Cameron interjecting—

Senator IAN MACDONALD: I didn't see any of you people there, I might say.

Senator Conroy: They were plotting in the corners!

Senator IAN MACDONALD: They were plotting in the corners. It was a wonderful event and I congratulate the Presiding Officers and the Attorney for it. It is just such a pity that none of the Labor Party members—one of your House of Reps colleagues was there, I must say. It was a wonderful event and while I am on my feet I just want to congratulate the President, the Speaker and the Attorney for putting on this wonderful event. This sort of game goes on. It is bad enough at the best of times, but when there is supposed to be a spirit of
goodwill and honesty and truth around, this is just absolutely incredible. As I say, I will mark this down. I have been here 24 years. I have never, never seen where an agreement between leaders and whips is thrown aside in such a cavalier fashion. Senator Carr is going to jump to his feet. I hope that should really extend the spirit of Christmas.

**Senator KIM CARR** (Victoria) (20:03): I move:

That the question be now put.

*Senator Ludlam interjecting—*

**The ACTING DEPUTY PRESIDENT (Senator Seselja):** I am advised that the question has been put. I apologise, Senator Ludlam. I did not see you on your feet. The question is that the question be now put.

Question agreed to.

**The PRESIDENT:** The question is that the amendment moved by Senator Conroy be agreed to.

The Senate divided. [20:08]

(The President—Senator Parry)

**AYES**

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**NOES**

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Monday, 1 December 2014

SENATE

9781

NOES

Muir, R
Parry, S
Reynolds, L
Ruston, A (teller)
Scullion, NG
Sinodinos, A
Williams, JR

Nash, F
Payne, MA
Ronaldson, M
Ryan, SM
Seselja, Z
Smith, D

PAIRS

Brown, CL
Collins, JMA
Di Natale, R
Lazarus, GP
Lundy, KA
Singh, LM

Bushby, DC
Johnston, D
Fawcett, DJ
Brandis, GH
Cormann, M
O’Sullivan, B

Question agreed to.

The PRESIDENT (20:11): The question is that the motion, as amended, be agreed to.

A division having been called and the bells being rung—

Senator Ian Macdonald: Mr President, I raise a point of order. I wonder whether Senator Lazarus has been paired and whether that is the reason for the vote being the way it was.

The PRESIDENT: That is a matter for the whips, and that will be recorded on the telling sheets. There is no point of order.

The Senate divided. [20:12]

(The President—Senator Parry)

Ayes ....................33
Noes ....................31
Majority ...............2

AYES

Bilyk, CL
Cameron, DN
Conroy, SM
Faulkner, J
Hanson-Young, SC
Lambie, J
Ludlam, S
Marshall, GM
McLucas, J
Moore, CM
Peris, N
Rhiannon, L
Siewert, R
Urquhart, AE (teller)
Waters, LJ
Wong, P
Xenophon, N

Bullock, J.W.
Carr, KJ
Dastyari, S
Gallacher, AM
Ketter, CR
Lines, S
Ludwig, JW
McEwen, A
Milne, C
O’Neill, DM
Polley, H
Rice, J
Sterle, G
Wang, Z
Whish-Wilson, PS
Wright, PL
Question agreed to.

**BILLS**

**Omnibus Repeal Day (Spring 2014) Bill 2014**

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

**Senator Gallacher** (South Australia) (20:15): I rise to make a contribution in this debate. I would like to start as I finished off in taking note. This minister ought to talk the plank. He ought to go off the plank—deep six himself—because of these reasons. At the moment, shipbuilding and submarines are approximately 3,000 direct jobs in South Australia. There are no complete figures on indirect jobs, but there are many thousands of them. These are jobs which create things. These are jobs in the economy which create—

**Senator Fifield:** Mr Acting Deputy President, I rise on a point of order. The point of order is relevance. The bill that is before the Senate is the Omnibus Repeal Day (Spring 2014) Bill 2014, and Senator Gallacher is not talking to any of the repeal provisions of the bill.

**Senator Cameron:** On the point of order: what the ALP is seeking to do here is to amend the omnibus repeal bill to ensure that there is part of that bill dealing with the submarines. This is exactly on point, and nothing could be more on point in relation to the issue that we are dealing with.
Senator Fifield: There have been no amendments to that effect moved. I also point out that this is actually a repeal bill. This is not a bill that is seeking to insert new things into the statute books; this is seeking to take things off the statute books. But, putting that aside, no amendment has been moved.

Senator GALLACHER: This is foreshadowing the amendment to be moved by Senator Conroy in relation to the Omnibus Repeal Day (Spring 2014) Bill 2014:

1 At the end of Division 2 of Part 4-1A
Add:

105BA Future submarine project tender process
(1) This section applies if the Commonwealth (including a Minister on behalf of the Commonwealth) proposes to enter into a contract (a submarine design and building contract) for the design and building of a submarine, or a substantial part of a submarine, as part of the future submarine project.

Note 1: The future submarine project is designated SEA 1000—

The ACTING DEPUTY PRESIDENT (Senator Seselja): Order! I have just taken some advice from the Clerk. The amendment has not yet been moved, so we are still on the second reading debate. At this stage there is no amendment before the Senate, so I would ask that you speak to the substance of the bill which is before the Senate. There will be the opportunity to speak to the amendments once they are moved, and people are free to move those amendments, but at this stage we are talking about the second reading of the omnibus repeal bill.

Senator Cameron: On this issue: it is quite clear in my view that what is seeking to be done here is to ensure that the omnibus repeal bill is amended. That is what is being proposed. I understand there is no amendment before the Senate, but it is entirely proper for Senator Gallacher to pre-empt this amendment. It is not improper at all. He can speak on that issue.

The ACTING DEPUTY PRESIDENT: On the point of order I have taken advice from the Clerk. There is no question in relation to that amendment before the Senate. As I pointed out and as you have foreshadowed, any senator is free to move such an amendment, at which time that can be addressed, but at this stage no such question is actually before the Senate.

Senator Fifield: On the point of order: as much as anything to endeavour to assist Senator Gallacher, he could speak to schedule 1, which relates to agriculture; schedule 2, which relates to communication; schedule 3, which relates to the environment; schedule 4, which relates to immigration and border protection; schedule 5, which relates to industry; schedule 7, which relates to social services; schedule 9, which relates to veterans’ affairs—all are related to taking things off the statute books. I hope that might be of assistance to Senator Gallacher.

Senator Cameron: On the point of order: it is entirely appropriate and proper for Senator Gallacher to raise any of the issues associated with the submarine contract not coming to Adelaide and the implications it has for those other parts of that omnibus bill. He can put that, and it is entirely proper for him to indicate that position.

The ACTING DEPUTY PRESIDENT: I have heard the arguments put. I have ruled based on the advice of the clerk. Senator Gallacher, I ask you to be relevant to the second reading debate before the Senate.
Senator GALLACHER: I will speak to the Omnibus Repeal Day (Spring 2014) Bill 2014. This bill seeks to amend or repeal legislation, as has been pointed out by the government, in agriculture, communications, environment, immigration and border protection, industry—

Senator Fifield: I just told you that.

Senator GALLACHER: I'm telling you again!—Prime Minister and Cabinet, social services, Treasury and the Veterans' Affairs portfolio. This bill is one of the three that form part of the government's spring repeal day package. The deregulatory savings in this bill are calculated at $1,000,335,000. This bill does not contain some of the government's deregulatory measures that were outlined in the prime ministerial statement or some that have been made in the media—for example, the requirement to put mudflaps on motorbikes. That is really important! That's got to be in front of submarines in Adelaide, hasn't it! It changes the occupational health and safety requirements for government building sites. There was a worker killed in Adelaide the other day, and your answer is to change the occupational health and safety standards. There was a worker killed in Adelaide the other day and your answer is to change the occupational health and safety standards. The changes to the Do Not Call Register are among the deregulatory measures contained in this bill. Examples of the measures in this bill range from and include the repeal of an act in the Immigration and Border Protection portfolio related to a particular tariff decision between 1996 and 1999 which is no longer relevant. We cannot talk about submarines but we can talk about something that happened between 1996 and 1999. Repealing the Patents Amendment (Patent Cooperation Treaty) Act 1979, which amended the Patents Act 1952: this amending act was spent once an amendment passed into law. And there is abolishing several bodies including the Fishing Industry Policy Council, the Oil Stewardship Advisory Council and the Product Stewardship Advisory Group.

Whilst the majority of the measures in this bill are not contentious and have no deregulatory savings attached, there are some concerns with some of the measures in the Environment portfolio, including reducing details to be specified in an import or export permit for hazardous waste. Amendments may be moved in the Senate after an inquiry and after stakeholder consultation has been undertaken to determine whether there are negative consequences in any of the repeals where, if our amendments fails in the Senate, details of the amendments and repeals of each portfolio are attached at attachment A.

We have been invited to make a couple of contributions. Let us just talk about the abolition of the Fishing Industry Policy Council. The council has not been convened since the enabling legislation—

The ACTING DEPUTY PRESIDENT (Senator Seselja): Order! Resume your seat.

Senator Heffernan: Mr Acting Deputy President, I raise a point of order. Through you, Chair, I just want to give Senator Gallacher time to gather his thoughts. It was not clear what he meant about mudflaps. If you could just clarify mudflaps—

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

Senator GALLACHER: Senator Heffernan, regarding the mudflaps: for example, ending the requirement to put mudflaps on motorbikes. This is what the omnibus repeal legislation is doing. It is going to put mudflaps on motorbikes! But seriously, it will abolish the Fishing
Industry Policy Council. The council has not been convened since the enabling legislation of the Fisheries Administration Act 1991 commenced. Functions and consultations that the council was to provide are being fulfilled by other working groups and bodies.

Amendments relating to the Rural Adjustment Scheme and the Farm Business Improvement program: amendments to the Rural Adjustment Act 1992 and the Natural Heritage Trust of Australia Act 1997 to reflect the fact that the Rural Adjustment Scheme and the Farm Business Improvement program have ceased and have been superseded by other farm support mechanisms such as the Farm Household Allowance, underpinned by the principles in the intergovernmental agreement on National Drought Program Reform. Amendments relating to the Australian Meat and Live-stock Industry Act 1997: amendments to the act to reflect the fact that certain payments to the industry marketing and research bodies are no longer made. The last payments to these bodies were finalised in 2008 and there are no outstanding payments to be made.

Senator Heffernan: Why are you opposing it?

Senator GALLACHER: You want me to talk to the Omnibus Repeal Day (Spring 2014) Bill 2014, and that is what I am doing. I will get down to where we want to talk about submarines.

Communications schedule No. 2—no deregulatory savings calculated—repeal redundant provisions in the Broadcasting Services Act 1992: repeal the provisions that are redundant as the Special Broadcasting Service has assumed television and supplied activities previously undertaken by National Indigenous Television Limited. Repeal of provisions relating to consultation before a certain legislative instrument: repeal of provisions that are considered unnecessary given that there are separate consultation requirements in the legislation—

The ACTING DEPUTY PRESIDENT: Order! Senator Gallacher, resume your seat for a moment.

Senator Edwards: Mr Acting Deputy President, I raise a point of order. I would like to give Senator Gallacher some time to get his new notes from Senator Cameron so that we can actually listen to something that is relevant.

The ACTING DEPUTY PRESIDENT: There is no point of order.

Senator Fifield: Is this a second reading amendment I see before me, Senator Gallacher?

Senator GALLACHER: It could well be, Senator Fifield. I would also like to move: At the end of the motion, add:

"but the Senate recognises the importance of a competitive tender for Australia's future submarines, consistent with the objectives of the Skilling Australia's Workforce Act 2005."

Senator Fifield: I seek your guidance, Mr Acting Deputy President. The second reading amendment would seem to bear no relationship in any way, shape or form to the substance of the Omnibus Repeal Day (Spring 2014) Bill 2014.

The ACTING DEPUTY PRESIDENT: There is no point of order. I am advised it does reference the act and so it is an amendment at the seconding reading stage. I will allow the amendment. I understand it is being circulated. Senator Gallacher, are you speaking now to the amendment.
Senator GALLACHER: Yes, thank you. Mr Acting Deputy President, I would like to talk about skills.

The ACTING DEPUTY PRESIDENT: One moment, Senator Gallacher. I believe you have moved a second reading amendment.

Senator Heffernan: Mr Acting Deputy President, I rise on a point of order. I am having difficulty, Senator Gallacher, as to whether this is going to be, in bitcoin language, a commodity or a currency.

The ACTING DEPUTY PRESIDENT: There is no point of order.

Senator Heffernan: Is the argument denominated as a currency or a commodity?

The ACTING DEPUTY PRESIDENT: There is no point of order.

Senator GALLACHER: I would like to address the amendment that has been foreshadowed in the omnibus repeal legislation, which is about submarines. At the moment shipbuilding and submarines make up approximately 3,000 direct jobs—manufacturing jobs in South Australia.

Opposition senators interjecting—

Senator GALLACHER: And I will address all of your points but it is safe to say there are many thousands of ancillary jobs—in fact, employment in the wider industry is approximately 27,000 direct and indirect jobs within defence in South Australia. This includes ADF and government employees such as DSTO; the industry employs about 14,500. These are old figures. They are from 2011-12. We are currently producing more economic data on these ancillary jobs, which are a direct benefit to the economy of South Australia. So that is: 3,000 direct and 27,000 across the board—any diminution of confidence in our state defence manufacturing sector can have a really deleterious effect on the economy of South Australia.

We really do need to put a few facts on the table here. Since the minister's infamous comment that he 'would not trust ASC to build a canoe', let's just have an examination of what has been said about that. Not all of the criticism has been from this side of the chamber. Stephen Marshall, the Liberal leader in South Australia said: 'He needs to do everything he can to meet with the industry urgently and win back support, or his position is untenable.' He said, 'At the moment we have a minister making a mockery of ASC and it is not good enough.' He said: 'Just because the minister says it was a rhetorical flourish is not good enough.' Mr Marshall said he would be speaking with Prime Minister Tony Abbott today. He also said: 'These were disgraceful comments about the hardworking people at the ASC, and he needs to do something immediately to rebuild the confidence of those people in the defence sector here in South Australia,' Marshall told journalists. 'And if he can't, his position is untenable.' Marshall said he would be talking to Prime Minister Abbott today about the comments. 'The comments made in the parliament yesterday by the minister were nothing short of deplorable. We completely reject the comments that were made.' That was from InDaily, 26 November 2014.

The West Australian reported:

A senior Liberal said Senator Johnston's comments were 'breathtaking', coming just a fortnight after he apologised to ASC chairman Bruce Carter for being critical of the agency's work.

The West Australian understands Senator Johnston told Mr Carter over dinner in Adelaide that he would refrain from criticising the ASC in future.
'This whole process has been undermined by Johnston and his office from the very beginning,' a senior Liberal said. Another senior Liberal said the comments were 'some of the most stupid words I have ever heard from a senior minister'.

Assistant Infrastructure Minister Jamie Briggs said Senator Johnston's comments were 'wrong', as Tony Abbott issued a statement in support of the shipbuilder. The Australian reported:

Angry South Australian Liberal MPs said last night that Senator Johnston’s comments prompted a rush of complaints to the Prime Minister’s office, which later issued a rebuke of the minister.

Mr Briggs said he did not support Senator Johnston’s comments, while South Australian Senator Simon Birmingham also hit back.

Mr Briggs said he did not support Senator Johnston’s comments—

**Senator Fifield:** Mr Acting Deputy President Seselja, I rise on a point of order. I seek your guidance. Just as I am looking at the title of the Omnibus Repeal Day (Spring) 2014 Bill 2014, it describes it as ‘a bill for an act to repeal certain acts and provisions of acts’. It would seem that there is an inherent inconsistency with the purpose and objectives of the act and that which has been foreshadowed by those opposite in relation to substantive amendments.

**The ACTING DEPUTY PRESIDENT:** Senator Fifield, there is no point of order. It is a broad-ranging act and I have ruled on the amendment. Senator Gallacher, I will ask you to continue.

**Senator Gallacher:** Thank you. Prime Minister Tony Abbott said: 'But that's no excuse for denigration of the workforce or extensive capabilities South Australia has, which I am confident will enjoy more jobs from increased investment in the future,' he said.

It goes on and on and on. We have a contribution from Senator Fawcett, who has called for a competitive tender on the project. He said the overseas experience showed it was not abnormal to have cost overruns and that such blowouts were worse at other sites around the world.

Senator Edwards, who also came out recently to call for a competitive tender, said he was 'in full support of ASC and the people in it' and that through the shipbuilding inquiry he had heard enough evidence to shore up that position. That was from 25 November.

The Age reported:

A spokeswoman for ASC declined to comment and referred questions to the office of Finance Minister Mathias Cormann, who serves as the firm's shareholder on behalf of the federal government.

Senator Cormann's office did not respond to inquiries by deadline.

Some members, particularly South Australian members, will be aware of the good Matthew Abraham who had this to say when speaking with Mr Pyne:

HOST: I am. I’m asking you, if you’ve got a Defence Minister who really can’t handle his language, and sends a signal to Adelaide that we can’t ‘build a canoe’ – that’s how incompetent we are, our workforce here – and then has to be effectively kicked up the bum by the Prime Minister in a statement this morning, and then goes on Adelaide radio – he came on our program – and is backtracking from it; I’m asking you whether he’s competent enough to fill one of the most important roles in Cabinet?

PYNE: What is important is that the Prime Minister and the Government have confidence that the ASC can turn around some of the difficulties they have experienced in the Collins Class submarine and in the Air Warfare Destroyer build. [And] that we are working with them to ensure that that happens.
Even the three wise monkeys who could see no evil and hear no evil and speak no evil know that the Air Warfare Destroyers and the Collins Class submarines have both had their challenges.

PYNE: What is important is that the Prime Minister and the Government have confidence that the ASC can turn around some of the difficulties they have experienced in the Collins Class submarine and in the Air Warfare Destroyer build. [And] that we are working with them to ensure that that happens. Even the three wise monkeys who could see no evil and hear no evil and speak no evil know that the Air Warfare Destroyers and the Collins Class submarines have both had their challenges. Now the Minister for Defence shouldn’t have made that statement. He regrets making it. The Prime Minister has made it clear that he doesn’t support that statement. The Defence Minister has been on Adelaide radio this morning indicating he regrets it. It was made in the heat of the moment and obviously we don’t share that emotion.

HOST: Do you have confidence in David Johnston?

PYNE: He’s a very competent Minister. He’s an important member of the Coalition team and I’m working with him and I’m working with the Prime Minister to ensure the Osborne workers keep their jobs and that we add to the workforce—

HOST: So, you’d like to see him continue being Defence Minister?

PYNE: It’s not for me to indicate my preferences for who should be in the Cabinet. That is a decision of the Prime Minister. It’s certainly also not my role to criticise my fellow Cabinet members and I won’t be doing that. But I can tell your listeners that, as the South Australian Cabinet Minister, I’m working with both the Defence and Prime Minister’s offices to ensure that Osborne workers’ jobs are secured and that the workforce at Osborne increases, the investment in South Australia increases, which is already incredibly—

So all along the way people are walking away from what is obviously a very conflicted and incompetent minister, one who does not control his own agenda in Defence, one who does not have the backbone and the fortitude to stand up for his portfolio, one who has suffered interference from the PMO's office and one who is going against all of the relevant experts that we have had come to Senate inquiries.

Let us quote Warren King, who said:

We had done study work. We have built up an improved body of knowledge about submarine design in our IPT team in South Australia.

… … …

We have built up this body of knowledge and we have done a lot of other work with different consulting groups in understanding the submarine design drivers that we need to take into account to get a submarine that meets Australia's strategic needs.

The other side is fond of claiming that the Labor government did nothing. The Labor government provided over $200 million for detailed studies and analysis to inform the government's decision on the design of Australia's next submarine. About $80 million has been spent. This led to the decision in May 2013 to stop investigation of military off-the-shelf designs and focused on progressing two options: an evolved Collins and a new design. This research also informed our decision to use the US combat system for submarines. This can now be used as a reference point for future submarine design work.

What we have really got here is a critical case of neglect in South Australia. We need a manufacturing base and this decision will affect South Australia for generations if we do not make the right decision here. What is wrong with a full competitive tender? What is wrong with a full, open, transparent competitive tender? What is wrong with releasing the Winter
report? Why is the government withholding critical information? Why are they not going ahead with what is a truly common-sense approach to this?

If you want to have submarines as the spear in Australia's national defence, we need the best submarines.

Senator Edwards: Why didn't you build them?

Senator GALLACHER: Senator Edwards, we have fixed the Collins.

Senator Edwards: What nonsense from you.

The ACTING DEPUTY PRESIDENT (Senator Seselja): Order! Senator Edwards.

Senator GALLACHER: We are talking about a project that is an extremely long-term project. We are talking about a project which will go into the next decade. We are talking about a project where Australia will rely on a critical Defence component—that is, submarines. There is no dispute that we need submarines. The only dispute is that lot opposite want to buy them off the shelf and we on this side want to design them and build them using a fully competent trained workforce in South Australia, which will then benefit the wider economy. All of the hundreds of thousands of workers who are in small business, all of the defence companies who make long-term critical decisions based on confidence and certainty need a fully open and transparent tender, which will put this genie back in the bottle and restore some confidence in South Australia, restore some confidence in that great workforce, restore some confidence in the Defence state capabilities and we look forward to that happening.

Unfortunately this minister does need to take a really big cold shower on this, release the Winter report, go to a fully competitive tender—a truly transparent tender—let South Australia do what it does best, let the Defence industry in South Australia contribute and let the state government in South Australia contribute to the process instead of white anting, releasing misinformation and accusing the workforce of being unable and incapable of building a canoe.

Senator Cameron: Mr Acting Deputy President, I rise on a point of order. Senator Edwards is constantly ignoring your directions. Senator Edwards, I can understand why he is being so rambunctious. You should enforce your rulings.

The ACTING DEPUTY PRESIDENT: Senator Cameron, it is not an opportunity to debate. I have called Senator Edwards to order. I would remind all senators to keep order.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (20:43): I move:

That the question now be put.

The ACTING DEPUTY PRESIDENT: The question is that the question now be put. Question agreed to.

The PRESIDENT: The question is that the second reading amendment moved by Senator Gallacher be agreed to.
The Senate divided. [20:48]

(The President—Senator Parry)

Ayes ..................... 35
Noes ..................... 29
Majority ............... 6

AYES

Bilyk, CL (teller)  Brown, CL
Bullock, J.W.  Cameron, DN
Collins, JMA  Conroy, SM
Dastyari, S  Faulkner, J
Gallacher, AM  Hanson-Young, SC
Ketter, CR  Lambie, J
Lines, S  Ludlam, S
Ludwig, JW  Madigan, JJ
Marshall, GM  McLachlan, J
Moline, C  Moore, CM
Muir, R  O'Neil, DM
Peris, N  Polley, H
Rhiannon, L  Rice, J
Siewert, R  Sterle, G
Urquhart, AE  Wang, Z
Waters, LJ  Whish-Wilson, PS
Wong, P  Wright, PL
Xenophon, N

NOES

Back, CJ  Bernardi, C
Birmingham, SJ  Bushby, DC
Canavan, M.J.  Cash, MC
Colbeck, R  Day, R.J.
Edwards, S  Fierravanti-Wells, C
Fifield, MP  Heffernan, W
Leyonhjelm, DE  Macdonald, ID
Mason, B  McGrath, J
McKenzie, B  Nash, F
Parry, S  Payne, MA
Reynolds, L  Ronaldson, M
Ruston, A (teller)  Ryan, SM
Scullion, NG  Seselja, Z
Sinodinos, A  Smith, D
Williams, JR

PAIRS

Carr, KJ  Fawcett, DJ
Di Natale, R  Brandis, GH
Lazarus, GP  Johnston, D
Lundy, KA  O'Sullivan, B
McEwen, A  Cormann, M
Singh, LM  Abetz, E
Question agreed to.
Original question, as amended, agreed to.
Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator DASTYARI (New South Wales) (20:52): I move the amendment standing in the name of Senator Conroy:

(1) Page 25 (after line 29), after Schedule 3, insert:

Schedule 3A—Finance

Public Governance, Performance and Accountability Act 2013

1 At the end of Division 2 of Part 4-1A

Add:

105BA Future submarine project tender process

(1) This section applies if the Commonwealth (including a Minister on behalf of the Commonwealth) proposes to enter into a contract (a submarine design and building contract) for the design and building of a submarine, or a substantial part of a submarine, as part of the future submarine project.

Note 1: The future submarine project is designated SEA 1000 in the Defence Capability Plan as in force on 1 December 2014.

Note 2: This section does not apply to contracts for research, concept or preliminary design, planning or other preparatory work that does not involve the building of a submarine or a substantial part of a submarine.

(2) The submarine design and building contract must not be entered into other than as the result of a limited tender process conducted in accordance with the Defence Procurement Policy Manual as in force on 1 December 2014, subject to this section.

Tender process

(3) At least 4 bidders must be invited to participate in the limited tender.

(4) The future submarine project is taken not to be an exempt procurement for the purposes of the Defence Procurement Policy Manual.

(5) A request for tender must invite the bidders to give the Commonwealth a project definition study and preliminary design that meets top level requirements specified by the Commonwealth, sufficient to allow mainly fixed pricing and 10 vessel years of post-commissioning integrated logistics support.

(6) The Commonwealth must consider the Australian Industry Capability Program, the Defence and Industry Policy Statement and the impact on the strategically vital Australian submarine and shipbuilding industry when deciding whether to enter into a submarine building design and contract in relation to the future submarine project.

(7) This section ceases to have effect at the end of 30 June 2020.

We are finally here to talk about the substance of this Omnibus Repeal Day (Spring 2014) Bill and the substance of this matter. A lot of people in this chamber have tried to turn this into a debate about process, into a debate about procedure. That is not what we are here to discuss and that should not be what we are to discuss. What we are here to discuss is a bill that will include a provision to allow a proper open and fair process for the tendering of Australian shipbuilding.
The Senate Economics References Committee, of which I am fortunate enough to be chair, has gone through a lengthy, detailed process to look at the substance of the issues at hand. Any close evaluation of the substance, of the heart, of the matter demonstrates that there is no capability problem, there is no military argument and there is no economic argument why you cannot have a fair and open tender process within the necessary time to make sure that we can have a proper Australian build. All we are asking for in this process is to give the Australian firms a fair go, a fair chance and an opportunity equal to that provided to others. We are asking for a competitive, market-based approach. I urge crossbench senators—I note there are two of them here—to look at the substance of what we are here to discuss. We are saying we want an open tender process for the allocation of Australian shipbuilding contracts. We are not asking for favouritism for an Australian firm, we are not asking for any benefits, but for those of us who believe that the best outcome will also be determined when there is a more open, more competitive tender process, this is the path to achieve that. I acknowledge Senator Edwards, on the other side, the deputy chair of the Senate Economics References Committee, who not only has made a fantastic contribution in this debate but also has had the guts, the decency and the honesty to call things as they are and say, hang on, we need to have this open process, we need to have this tender process, we need to make sure that ASC and other Australian firms are allowed to compete in this process. I acknowledge the comments of Senator Ruston, Senator Birmingham and Senator Fawcett, who unfortunately is not with us here today to participate in this debate.

The need for a competitive tender is clear. In the process that the Senate Economics References Committee went through, witness after witness gave emphatic and overwhelming support for the government conducting a competitive process before choosing Australia's future submarine. Witnesses agreed that decisive action must be taken to start the tender process but insisted that there was time for a competitive process where all proposals for tenders could be tested and their claims validated. I quote Dr John White, the person responsible for the government's own report on these matters—a report the government refuses to make public. He said:

There are significant technical, commercial and capability gap risks invoked by prematurely and unilaterally committing to a preferred overseas, sole-source supplier.

Why? Because without an open, transparent and internationally competitive tender process Australian taxpayers cannot be sure they are getting the value for money they should be. I quote Professor Goran Roos, who has said:

If the Government were to make it known that it was sole-sourcing a contract … it would place that Government in a negotiating position where it would be difficult, if not impossible, to get a good deal on both price and terms and conditions. This would de facto expose Australia to an unacceptable level of risk in the national security domain …

Why? Because a decision to have a tender process where only one or two companies are allowed to compete by its nature denies the opportunity to negotiate. There are those on the other side of the chamber, and there are those out there in the community, who have argued Australian firms are not up to it, who have argued Australian firms do not have what it takes. That is an argument that has been comprehensively rejected. Frankly, if that is what some people believe, then have an open tender process, have an open opportunity to hear the arguments, have a fair and transparent system where those people can put their case and their case can be tested. The bulk of the government's argument to date as to why it has not yet
gone down this path of an open and transparent tender process is that there is some kind of a capability gap, that there somehow is not enough time. That is a case that has been comprehensively rejected. I quote again Dr John White, who is an expert on these matters:

There is still sufficient time available, with adequate contingency, for the competitive PDS to be carried out and to build the Future Submarines in Australia.

So there is no capability reason why this cannot happen—there is no capability case. There may be a case where the Australian firms are not the best firms to build the submarines, there may be a case where they lose the tender, but those on this side of the chamber are not arguing for an unfair advantage—we are arguing for a fair and transparent tender process. I quote Commodore Paul Greenfield, retired:

There does not have to be a capability gap if we get on with it now.

Our strong recommendation is that we get bids from all four potential contenders and make a sensible, informed choice at that point and that we get on with it, because the clock is running.

**Senator Canavan:** I rise on a point of order, Mr Temporary Chairman, under standing order 118, subsection (1). I am only new to this place but I cannot see how this amendment Senator Dastyari is moving is in any way relevant. The title page of this bill says:

A Bill for an Act to repeal certain Acts and provisions of Acts ...

Senator Dastyari has been speaking now for 12 minutes and has not made any comments relevant to that description. Standing order 118(1) says:

An amendment may be made to any part of a bill, provided it is relevant to the subject matter of the bill ...

This is not relevant to the subject matter of the bill, so I ask you to rule it out of order.

**Senator Cameron:** On the point of order, Mr Temporary Chairman: this is similar to a debate we had earlier. This bill is for an act that makes various amendments to the statute law of the Commonwealth and for related purposes. What we are debating is an amendment to section 105BA of the Public Governance, Performance and Accountability Act 2013 for the Future Submarine project tender process. That is entirely consistent with the bill before us.

**Senator Ian Macdonald:** I support the point of order, Mr Temporary Chairman, that Senator Canavan has very cleverly raised. I will just read out standing order 118(1) in case you are in any doubt:

An amendment may be made to any part of a bill, provided it is relevant to the subject matter of the bill and otherwise in conformity with the rules and orders of the Senate.

Under no understanding of the ordinary words of English can anyone suggest that a bill relating to some tenders can possibly relate to an omnibus bill getting rid of various pieces of legislation and regulation. That bill has nothing whatsoever to do with a substantive amendment to an act requiring that something positive be done. The omnibus bill is about repealing things, getting rid of things. That is why it is called the Omnibus Repeal Day (Spring 2014) Bill—note the word 'repeal'. Under no extension of the English language could you rule that this amendment is in any way relevant to repealing things. I appreciate, Mr Temporary Chairman, that very often chairmen are obliged to say, 'That is the way we do things', but if you are not going to abide by the standing orders of the Senate, why bother having them? It is very clear that an amendment has to be relevant to the subject matter of the
bill. Requiring tenders for a submarine is in no way relevant to a bill which deals with the repeal of many other pieces of legislation that have nothing to do with submarines or tenders. I urge you, Mr Temporary Chairman, to rule the amendment out of order. We should proceed with the business of the Senate as set out in the red.

The TEMPORARY CHAIRMAN (Senator Gallacher): There is no point of order. The stated purpose of the bill is:

A Bill for an Act to repeal certain Acts and provisions of Acts and to make various amendments of the statute law of the Commonwealth, and for related purposes.

Senator Ian Macdonald: On the point of order, Mr Temporary Chairman: which statute is this amending?

The TEMPORARY CHAIRMAN: It is the statute law of the Commonwealth, I am advised—which is everything.

Senator Ian Macdonald: Which law is this amending?

The TEMPORARY CHAIRMAN: The Public Governance, Performance and Accountability Act 2013, which is part of the statute law of the Commonwealth. There is no point of order.

Senator DASTYARI: What a sham! The government is displaying a complete inability to tackle the issues.

Senator Canavan: On a further point of order, Mr Temporary Chairman: this also comes under standing order 118. I refer to Odgers. We have been debating aspects of the title of the bill as being indicative of its subject matter. On page 249, Odgers says that, while the subject matter of the bill is of some relevance, it is not definitive in deciding whether or not something is relevant under standing order 118. I argue that all of the provisions of this bill that Senator Fifield read out earlier relate to the repeal of regulations. All of them represent attempts to reduce red tape and regulation. That is the purpose of this bill. That is why the government has introduced it. There is no way that the things Senator Dastyari has spoken about are 'related purposes'. There is no relation to this bill whatsoever. If we are going to interpret standing order 118 in this liberal fashion, this place will become just like the US Congress. We will just be able to put riders on everything. What is going to ensure this place has relevance in debate and has properly ordered debate about what is before the chair?

The TEMPORARY CHAIRMAN: Senator Canavan, I have ruled on this point of order.

Senator DASTYARI: They will pursue any measure, any opportunity, to avoid having to talk about the substance—the substance of what we want to discuss. Before we leave at the end of this year, we need to have a debate about the Australia's Future Submarine project and the future of Australian shipbuilding. There is an argument constantly being put before us: that there is not time—that there is not time to build the future submarines here in this country. Rear Admiral Peter Briggs, retired, said:

Our strong recommendation is that we get bids from all four potential contenders and make a sensible, informed choice at that point and that we get on with it, because the clock is running. Several independent witnesses who came to our committee gave evidence that sufficient time remains to conduct a competitive tender for the future submarines while avoiding this capability gap. This is due to the work on the future submarines undertaken by previous governments. In his evidence, Dr John White set out a timetable that included a competitive
tender process—contracting, construction, testing and introduction to service—without there being a capability gap. I urge all senators to have a look at the evidence that was provided by him, evidence that Senator Edwards has spoken very highly of.

Finally, there is an argument that says the Australian shipbuilding industry is incapable of building the ships here. That is something that I comprehensively reject, but it is an idea that I believe deserves to be tested in a tender process. Retired Commodore Paul Greenfield said:

The future submarine should be designed specifically for Australia and built here in Australia. A sail-away cost of $20 billion for twelve submarines built in Australia is entirely feasible, and Australian industry has much to offer in solving the truly unique engineering challenges.

Mr Glenn Thompson, from the Australian Manufacturing Workers Union, said:

It is better to build to ensure that you have the skills to maintain.

And Professor Goran Roos said:

Australia as a country is at least $21bn better off to build in Australia than to purchase overseas in addition to creating 120,000 man years of additional jobs in the economy over the life of the project as compared to building overseas.

I am not an expert. I am not in a position to make a determination about the validity of the statements being made by those eminent professionals. What I am in a position to say is that the best way to ensure that we are getting value for money and that we are protecting Australian jobs is to allow the open tender process to continue, because, if they are wrong, if Australia does not have the capability to do it, if the ability is not here—and I have no reason to believe that they are wrong—then an open, transparent, fair tender process is the best way of exposing that. At the end of the day, this is where the debate should come to.

The debate that we need to have is fundamentally about a very simple question: what is the best way of deciding where and how Australia's submarines should be built? Is the best way of doing that saying, 'Let everyone put their bids forward; let everyone make their case; let everyone put forward their plans'? There will be German companies, there will be Australian companies, there will be Japanese companies, there will be Spanish companies and there will be variations and ventures, with part-Australian builds, part-international builds, part-design et cetera. Let them all come forward, and let us have a process where we, as a nation, can have a look at the different proposals and allow the market approach to produce the best outcome.

I find it unfathomable that I am the person in this chamber at the moment—not those opposite me—making the emphatic case to allow a market based response to this system, saying that the best way of determining how these ships should be built is to allow the private sector to compete with one another. I worry and fear that the path that the government is going down—if it has not already reached that conclusion—is about rejecting that. I refuse to believe that allowing one group, one company, in one nation the opportunity to build Australia's future submarines will ensure that we have the best value for money. I believe a competitive tender process will always give you a better outcome. The big argument against all of this is that constantly being raised by the government and that has been attempted to be made—because they cannot make the case about cost any longer or the case that Australian firms are not able to build it—is that somehow we do not have time, and that is why we have to go internationally and not allow the Australians to compete. But expert after expert, eminent researcher after researcher, economist after economist has come forward and
universally they have stated that that is not the case and that you can, in a period of one year, have a proper process that allows a competitive tender. It is not as if this is going to be coming as a surprise to the market. The market expects there to be, at some point soon, the opportunity to bid for these Australian submarines. It is not as if work has not already begun or happened in this space in recent times. The best approach is to allow that.

I think it is a good process that the government so far has ruled out some kind of a MOTS option, a modified off-the-shelf option. I quote Commander Frank Owen, retired, from the Submarine Institute of Australia, who said:

There are no MOTS options. Even the most capable of available overseas submarines will require modification.

So there is going to have to be this process anyway. While we are going through that process of modification, of getting a plan together for an internationally built submarine, why not, as part of that process, allow the Australian companies to compete? Why not allow Australian firms to say, This is our bid; we are good enough; we are strong enough; we are professional enough to compete with the best in the world, and we are going to do it in an open, transparent, fair way? We are not asking for industry policy that gives Australian firms an unfair advantage over competing firms. We are simply asking that Australian firms be given the same opportunity to compete as international firms. We are here today, and we are urging for the best, most sensible market-based approach to the future of Australia's submarine projects.

Senator EDWARDS (South Australia) (21:13): I rise to speak on this amendment. For 7½ years, this was not a priority for the Labor Party. Since it became a union issue, it is now a priority.

Senator McEwen interjecting—

Senator EDWARDS: How shrill can it be? On the back of a truck, standing down at Ottoway while the Leader of the Opposition does all the dog whistling on all of this. Dr John White is a very credible witness, and I agree with a lot of what he said. What Senator Dastyari failed to tell you was the full truth. What happened was that when I questioned Dr John White, he said that there is now a defence capability gap because the former government failed to take action in the time—in fact, the former government pulled $19.6 billion out of the Defence budget. That is how much they care about the arrowhead of our defence strategy in Australia! Do not let their indignation fool you. This is just theatre—or, I might say, a pantomime—because there is now a defence gap.

The issue for us in Australia is what is the best for the Defence Force? First priority, No. 1: what is the best for the Defence Force? I believe that is that submarines should be built in South Australia. But why are we getting this union rhetoric up the back here? It is as if Senator Dastyari is up for preselection. He is not. And it is as if Senator Dastyari was being broadcast, but he is not. There are no TV cameras here; they are not on. So what is it all about? It is about shielding what they did not get done.

And may I commend you on your earlier contribution, Mr Temporary Chairman Gallacher, on behalf of South Australia. It was a valiant effort. The shadow defence minister threw you to the wolves for I think six minutes and 14 seconds before you were actually handed your script; you equipped yourself admirably. I agree that when it comes to submarines, we have
always had an international partnership. And we will again, even if we build them in
Adelaide, in Melbourne, in Williamstown or wherever. There will be an international partner,
just like there was with Kockums, the Swedes, and the Collins class, and now we have the
Germans coming in.

By the way, with all of this hysteria—heaven forbid—oh, that is right; we are playing the
politics here. How empty. The defence minister has not made a decision. The government has
not made a decision. That is the simple fact. It was not a priority of yours over there on the
other side for seven years, and now the unions are on the back of their trucks getting out their
old rhetoric again, hammering the conservatives. Well, well, well.

Senator Dastyari advertised a number of times that he is the chair of the economics
references committee. Actually, I am the chair of the economics legislation committee. I did
not understand the relevance either, except that I have been and listened to a number of people
who said that we can build submarines in this country. Yes, they said that, and that is quite
right, as Senator Dastyari said. But that is not an opinion that is lost on the defence minister,
this government or anybody else. Everybody on the other side seems to think that they know.
They are all clairvoyants on the other side. They know, they are already predicting the
outcome of what the government is going to do. What emptiness; what jelly backs.

I am not going to go on too much more, but I will say that, yes, every Australian would like
to build defence submarines here. We would all like the motor industry to continue on. We
would all like all of these things to happen. I want the South Australia submarine builders to
be able to tender, because I believe they have the right to tender. But nobody has made a
decision yet. This stunt here tonight is simply that—a stunt. It is politics, just hollow politics.
That is all it is. I am glad that it is not being broadcast. I ask the minister assisting if he would
like to respond.

Senator McEwen (South Australia—Opposition Whip in the Senate) (21:19): I too
would like to speak briefly in the committee stage of this bill tonight, and I will actually
mention the name of the bill that we are debating—unlike Senator Edwards, who seemed to
take the opportunity to indulge in a bit of union bashing yet again. You would think he would
have learnt from the Victorian election result that union bashing does not work.

My question is to the minister. I ask him: will his government be supporting the
amendment to the Omnibus Repeal Day (Spring 2014) Bill that is being debated here
tonight—that is, the amendment moved by my colleague Senator Conroy. I ask: will the
government be supporting this amendment and, if not, why not? In particular, I would like to
hear whether the Liberal coalition senators on the other side, and, indeed, Senator Bob Day,
who is in the chamber tonight, will be supporting this very worthwhile amendment to what is
a very inconsequential bill without it.

The omnibus repeal bill was introduced as part of the government's much heralded but
completely worthless—it was a big fizzler actually—red tape repeal day. The bill itself was
much ado about nothing before this amendment moved by Senator Conroy. The amendment
will put into the bill a requirement that the Future Submarine project in South Australia is
subject to a competitive tender process, which it should be. Without this amendment the bill
would simply do things that governments always do in repeal bills—that is, get rid of
legislation that is obsolete or redundant or unnecessary for some reason or another. So the
bill, without this amendment from Senator Conroy, did things like repeal an act in the
immigration and border protection portfolio that related to particular tariff decisions made between 1996 and 1999 that are no longer relevant. It will repeal the Patents Amendment (Patent Cooperation Treaty) Act 1979, which was spent once the amendment was passed into law and so that is of no consequence either.

The government made a big song and dance about this bill, but it did not do anything substantial. But now, if this amendment gets up, it will do something substantial. What it will do is require the government to enter into a legitimate competitive tender process for the 12 new Future Submarines that we want to see built in South Australia. It will ensure, as I said, that the tender process be subject to a proper competitive tender process because we here on this side believe that is what should happen. As my colleague Senator Dastyari went on at some length about, that is what the experts in this field believe should happen as well.

The problem we on this side have is that we can see the way forward for the Future Submarine project but we have come up against a Minister for Defence who is determined not to build those submarines in South Australia and not go through a legitimate competitive tender process. He has demonstrated that on a number of occasions over the last few months. Since he made the promise to the people of South Australia to build those 12 submarines in South Australia he has backtracked at a million miles an hour. You have to ask why.

Is it because he does not want the submarines built in South Australia? We have seen many examples of how the Liberals have walked away from the South Australian manufacturing industry. We saw it in the automotive industry, as they forced Holden out, and we may be seeing it here again with the submarines. Is it that the Minister for Defence would prefer to give this contract to an overseas company to build the future submarines or is this a directive coming from the Prime Minister's office? That is something the Labor Party has been attempting to ascertain.

We know now that the Minister for Defence is fundamentally biased against the Australian Submarine Corporation. We heard him say the infamous words last week that he would not trust the workers of the Australian Submarine Corporation to build a canoe. That appalling comment still resonates in South Australia. There was an immediate outrage in South Australia when he said that comment and there is still outrage in South Australia because the minister has been unable to backtrack from it. He half-heartedly recognised the fact that some people might have been offended by his comment, but he has not apologised to the people of South Australia, particularly to the workers at the Australian Submarine Corporation, and he should. As a result of him not apologising and for making that stupid comment in the first place, Labor have, quite rightly, called on the Prime Minister to ask the Minister for Defence, Senator Johnston, to resign from his position.

Not only was that comment insulting to the people of South Australia and workers at the Australian Submarine Corporation; of course it was incredibly reckless that the Minister for Defence should say such a thing about the organisation that builds our submarines and our naval ships. What message did that send to the rest of the world about our capability as a manufacturer of these high-technology vessels? What signal did it send to our defence personnel about what our commitment is to their safety? The Minister for Defence is supposed to protect and care for defence personnel, but he is out there saying, 'You cannot trust the submarines that are being built by the Submarine Corporation.' It was a dreadful thing to say. This minister has not been able to come back from that.
I am looking forward to an answer to my question from the minister. I note that the Minister for Defence is not here, but I am sure the minister representing him will have an answer for me on what coalition senators are going to do about this very sensible amendment moved by Senator Conroy to make this omnibus repeal bill something very worthwhile for the parliament to consider. I note, as other senators have done, the requirement to put in a competitive tender process for the submarines, which should be built in South Australia. I was pleased to hear Senator Edwards say that he believes that the ships should be built in South Australia too. That is very good, but I wonder what he is doing about reinforcing that message because it has taken coalition senators quite a long time to come on board with the Labor Party and say: 'Okay. Maybe we should build these submarines in South Australia.' It has taken them quite a long time to echo what Labor senators have been saying since day one, which is that the submarines should be built in South Australia and there should be a competitive tender process to enable that to happen in the most transparent and accountable way possible. I am interested in what the minister is going to say in response to my question, although I am a little doubtful that we will see South Australian coalition senators and Independent senators agree to this amendment to the bill, which they should.

If we needed any more evidence that there should be a competitive tender process in the way envisaged in this amendment that has been moved to the bill and is being debated here today, we could refer to a number of experts who have contributed to the public debate about the Future Submarine project. Mark Thomson from ASPI is extremely well regarded on all sides of politics. He said in September this year:

The bidders can all make claims about the sorts of prices they can build the submarines for, but until you have a competition where a binding bid is placed how can you know.

That is common sense. He is not saying that the minister should decide, which is apparently what the minister, or the Prime Minister, wants to do. They want to offer this enormous project—the biggest procurement project ever in Australia—to some nation that may not be Australia. What an outrageous thing to do. There must be a proper process for this. This is the biggest procurement project ever. It will provide jobs for Australians, particularly for South Australians in my home state. When Dr John White gave evidence to the Senate Economics References Committee about this very important matter he said:

Unless there is a prize at the end and some competitive tension, the experience is that you really do not get the best offer.

That is an expert in this field saying that you have to have some kind of competitive tender process to get the best price. The government have been banging on about ensuring that they do get the best price possible for this significant project, so why wouldn't you accept this amendment that has been moved tonight to ensure that that happens in this project? Rear Admiral Peter Briggs (Retired) said:

The only way to pick it is to conduct a competitive project definition study where you can get the answers back to your top-level requirements …

I could go on and on about all those comments. The endpoint, of course, of this debate is to ensure that Australian jobs are protected and that we get the best possible submarines for our defence personnel.

In terms of protecting jobs in South Australia, I would like to reiterate what I have said on many occasions in this place: these jobs are absolutely critical to the future of South Australia.
This amendment deals with skills and those skills need to be protected in my home state. A lot of the workers at the Australian Submarine Corp. that were so appallingly disparaged by the Minister for Defence had previously worked at Mitsubishi, where they were skilled workers, and then they moved to the Australian Submarine Corp. I have spoken to many of those workers and they are devastated to think that this government, despite the promises that this government made to them before the federal election, is prepared to walk away from them. They may be facing another disruption in their lives where the great jobs they have at the Australian Submarine Corporation are at threat because this minister cannot commit to Australian jobs, he cannot commit to Australian workers, he cannot commit to a competitive tender process, and he cannot commit to providing the best possible vessels for our defence personnel to work on. He has abrogated his responsibility in so many fields.

Here is an opportunity for the government and the minister to come back from that abrogation of their responsibilities. Here is an opportunity. Here is an amendment that has been moved to an otherwise fairly inconsequential repeal bill which gives all of my colleagues on this side the opportunity to support Australian jobs and Australian industry. It also gives the coalition senators from South Australia on the other side the opportunity to do that, too, and I am pleased to see that there are three of them in the chamber here tonight. I guess they have come along to put their hand up for this very sensible amendment to this otherwise reasonably inconsequential bill. Senators Birmingham, Edwards and Ruston, I look forward to seeing you with the ayes when this amendment to the bill is put at some stage in this debate.

I would urge the government to take up this opportunity provided by my colleague Senator Conroy to get behind workers in Australia. Do not spend your time dising them by criticising them for being union members, as so many of you do. Let's think about good jobs for them, let's think about the skills they bring to Australia, and let's work collaboratively to ensure that there is a good competitive tender process that will ensure that the submarines are built in Australia—as you all promised before the last federal election. Save Steven Marshall, the Liberal opposition leader in South Australia, from having to make comments about how useless the Minister for Defence is. Get on board with this amendment and at least try and salvage some credibility as representatives of South Australia. Senator Bob Day down the back of the chamber there—actually honour their commitment to the people of South Australia, to represent them and ensure that South Australia is in the best possible position for the future. We need these submarines in South Australia. We need a good process to get these submarines in South Australia. Here is your chance, senators all around the chamber, to ensure that that happens.

The TEMPORARY CHAIRMAN (Senator Lines): Thank you, Senator McEwan. Senator Cameron.

Senator CAMERON (New South Wales) (21:33): Thank you, Madam Chair. I—

Senator Fifield: Point of order. The protocol in this place is that the call vary across the chamber. Both Senator Birmingham and Senator Madigan were on their feet. It would be highly irregular if there were two opposition speakers in a row.
Senator CAMERON: On the point of order, I am happy to cede but I must indicate that Senator Birmingham was in conversation on his feet with a couple of senators. You would not have known he was seeking the call. I am happy to cede and accept the convention.

The TEMPORARY CHAIRMAN (Senator Lines): Senator Cameron has ceded the call. I am at the disposal of the Senate. It seems there is not—

Senator Cameron: I will not cede if there is no-one else standing.

The TEMPORARY CHAIRMAN (Senator Lines): Okay, thank you, Senator Cameron.

Senator CAMERON (New South Wales) (21:34): Thank you, Chair. What is going on?

Senator Birmingham: Chair, point of order.

The TEMPORARY CHAIRMAN (Senator Lines): Senator Cameron was on his feet.

Senator Birmingham: I am seeking to make a point of order. Chair, as you heard from Senator Fifield in the discussion about who had the call, I was on my feet, Senator Madigan was on his feet. You had acknowledged that Senator Cameron had ceded the call. You are in the chair. You could rightly have given the call to either of us. I was looking over to Senator Madigan to seek to gesture as to whether he would like to take the call first, as an act of goodwill to Senator Madigan. You rushed to quickly give the call back to Senator Cameron. Chair, there are protocols adopted in this chamber. I am more than happy to take the call, but if Senator Madigan wishes to speak, I was, given he was also on his feet, accommodating his willingness to do so.

The TEMPORARY CHAIRMAN (Senator Lines): Thank you, Senator Birmingham, but protocols in the Senate are based on people seeking the call. All I saw was an exchange between you and Senator Madigan and finally you stood. In the spirit of fairness and the fact that Senator Cameron has ceded the call, I am now waiting for someone to stand to seek the call. Senator Madigan.

Senator MADIGAN (Victoria) (21:36): Thank you, Chair. Before I address the amendments to the Omnibus Repeal Day (Spring 2014) Bill 2014 moved by Senator Conroy I would first like to state that I was not aware nor do I condone the way in which this bill has come about for debate this evening. However, many in the community will not be aware of the stunt that was pulled before and therefore I would like to briefly outline why I do support the amendments.

Over the past year or so the government has been continually undermining and badmouthing Australia's submarine and shipbuilding capability. This amendment seeks to right a wrong. It seeks to require that a competitive tender process takes place to ensure that Australian industry is given the opportunity to compete to build the new submarines. Too often it is the case that we relate undesirable aspects of our naval building and maintenance projects within the industry. Let us not forget that many of the troublesome areas which we associate with the shipbuilding-sub industry did not come about due to poor standards of Australian workers but rather faulty or troublesome equipment purchased from overseas. The fact of the matter is that we have not heard so far, in the toing and froing of this debate, anything about the actual hulls failing. It is the propulsion systems, amongst other things, that have given trouble.
The fact of the matter is that the Collins class submarine project was one of the most ambitious technical and manufacturing projects ever undertaken in this country. If we look at some of the other countries in this space, such as Germany and Japan, they have experience in this area going back around 100 years. Both sides need to acknowledge the fact that Australia built submarines from ground zero. That delivered to Australia great social, economic and technological outcomes. There is no other country in the world that has done what we did. We cannot have one toe in the water and four toes out of the water. It is all toes in or no toes in. What it takes to build submarines, and to build submarines competitively, in this country is to stop the political bickering. It takes the unions, the workers, the opposition and the government all working together. We have to make a decision in this place to build the best conventionally powered submarine that will serve Australia's national interests and build on the skills and capabilities of our manufacturing industry in this country. This is beyond political bickering, and it is about time we acknowledged some of the great technological and industrial capability that has been developed in this country in such a short time against competitors around the world, as I said, have been building subs for close to 100 years or more.

The TEMPORARY CHAIRMAN (Senator Lines): Senator Birmingham, Senator Cameron was on his feet first.

Senator Cameron: I will cede the call.

Senator BIRMINGHAM (South Australia—Parliamentary Secretary to the Minister for the Environment) (21:40): Thank you, Senator Cameron. I rise to speak on the amendment that is before the committee. I have to say that I am astounded at the front, the gall, the cheek and the chutzpah of those opposite. I am absolutely astounded that they would come in on a bill, the Omnibus Repeal Day (Spring 2014) Bill 2014, and come up with a stunt of this nature—a stunt which is completely unrelated to the legislation that is before the Senate and a stunt on an issue that they have such an astoundingly bad track record on.

I have heard others, in speaking to this amendment, speaking about promises. I remember promises. I remember promises from 2007 when then Leader of the Opposition, Mr Kevin Rudd, promised that he would kick-start the building of new submarines in Adelaide. He said in 2007:

Starting the process this year will guarantee continuity of work for South Australia's defence industry and those employed in the sector.

Mr Rudd, as we all know, went on to win that election, but did work start that year? No. Did it start in any of the following six years? No. Did we see amendments of this ilk during that time? Absolutely not. We did not see anything other than repeated promises and repeated inaction from those opposite. Not a contract entered into, no meaningful work on designs done, and no plans and no details on how this promise would be fulfilled, just a promise remade time and time and time again with absolutely nothing to back it up.

Now we have this stunt—brought on at 7.30 on a Monday night in the final parliamentary sitting week of the year—on a bill that is completely unrelated to what Senator McEwen rightly acknowledged is the biggest procurement project in Australia's history. Is this the way to handle the largest procurement project in Australia's history? Is the responsible thing to do to have ad hoc amendments to unrelated bills brought before this chamber for the Senate to consider rather than following the proper processes of government—processes that have been
established since 2003? Since 2003, major Defence acquisitions have gone through a two-pass cabinet process—a dual consideration by cabinet, where the right assessment is undertaken, where the advice by the Defence chiefs is undertaken and where all of that information leads into considered decisions.

I appreciate that those opposite may not know much about the process that has been in place since 2003. They used it once or twice, but, because they were so incapable of making a decision when it came to Defence contracting, they did not have much reason to use it terribly often. They do not have much experience in it; they would not remember. They certainly did not do it when it came to submarines. Here is Senator Conroy, the architect of tonight's grand stunt. He was not much of an architect; it fell apart in the first 10 minutes. The architect has arrived. They would not know much about the established cabinet process. Senator Conroy certainly would not know, from his time around the cabinet table, because he never followed any proper procurement processes himself, whether it was for the Australia Network or whether it was for his NBN. They were all, of course, done on the fly and on the run, just like this amendment tonight is being done on the fly and on the run. It is little wonder that they could not make any decisions around the procurement of future submarines—little wonder they could not make those decisions, because they were too busy slashing the defence budget. They were too busy making cuts to defence, and deferring their defence budget, such that it would have been completely impossible for them to have actually made a commitment to a design of a submarine, or a commitment to a contract for a submarine, or a commitment as to when we would actually fill this critical capability gap in Australia's submarine and naval capacity.

**Senator Edwards:** Fluffing around!

**Senator BIRMINGHAM:** And Senator Edwards is quite right: when it came to defence procurement, and particularly to submarines, all they did for six years was to fluff around and to talk—and between that and the revolving door of defence ministers that they had, absolutely nothing could be achieved. We saw defence spending plummet to its lowest share of GDP since 1938.

**Senator Mason:** That is before Adolf Hitler!

**Senator BIRMINGHAM:** Senator Mason is correct; that is before Hitler. A whopping 10½ per cent was cut from the defence budget in 2012-13 alone. Chair, it is little wonder that they could not make decisions on submarines if they were slashing the budget that deeply. It is astounding that they were slashing the defence budget—given that they were running record deficits, and given that they were so profligate in spending in every other possible way, and given that they were putting the country on a trajectory towards some $667 billion worth of debt. It is astounding that, amongst all of that spending and amongst all of that debt, they could not find the money to invest in defence; they could not find the money to ensure that we did not enter a scenario of a potential capability gap. It is completely remarkable.

Madam Chair, this government will not allow that capability gap to worsen. We will do our best to make sure there is no capability gap. We know that the procurement of submarines is essential to this nation's defence; it is essential to our naval capability requirements—

*Senators Cameron and Conroy interjecting*—
Senator BIRMINGHAM: I hear the hectoring from those opposite, from two people who sat there and did absolutely nothing for six years. If Senator Conroy was so sincere in this, he could have gone into the cabinet in his days sitting there and said: 'Well, I realise things are tough, and things are tight around the budget;'—nobody, of course, said that under the previous Labor government, but he could have been the first—'how about I surrender some of my $40 billion for my National Broadband Network, so that we can do something about the submarines we have been promising since 2007? Let's trade some cable for some submarines!' He could have done that—but no, he did not do that. They did not budget for them. In fact, in their time in government, Labor stripped hundreds of millions of dollars out of the submarine budget and out of the future procurement arrangements.

We will budget. We will deliver. We will come up with an option that not only delivers the capability our naval personnel need in the future, but—

Senator Conroy: Promise it is going to be in South Australia!

Senator BIRMINGHAM: we will also make sure that there are more jobs in South Australia as a result. We will make sure that the naval shipbuilding industries in South Australia have a secure future.

Senators Conroy, Cameron and Bilyk interjecting—

Senator BIRMINGHAM: And you can hold us to that absolutely: we will deliver—

Senator Edwards interjecting—

Senator BIRMINGHAM: on the policy we took to the election. There was no policy of course from those opposite—

The TEMPORARY CHAIRMAN (Senator Lines): Order! The chamber is getting disorderly. Senator Birmingham has the right to be heard in silence.

Senator BIRMINGHAM: Thank you, Chair. We will deliver the policy we took to the election. Those opposite had no policy; they just had a bunch of hollow promises again. We will deliver in terms of making decisions to fill this capability gap within 18 months of the election. We will deliver on the promise that work will be centred around the South Australian shipyards. In doing so, we will deliver more jobs for South Australians in the future, at the best price for taxpayers that we can deliver, and we will deliver the capability requirements that our Navy needs. That is what good decision-making is about. That is what those opposite were incapable of doing.

Debate interrupted; progress reported.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Lines) (21:50): Order! I propose the question:

That the Senate do now adjourn.

Australian Defence Force

Senator REYNOLDS (Western Australia) (21:50): I rise tonight to speak on the topic of Australian Defence Force pay. I can assure you that I am not here tonight to fix the bayonets and charge; instead, I offer a different and very personal perspective gained through my military service and experience in government. Chris Richardson of Deloitte Access
Economics was quoted into today's Financial Review as saying, 'currently, good politics has good policy over a barrel', and I agree. Sadly, military service is all too easily politicised through simplistic and patriotic rhetoric, and in this debate it has been caught up in the good politics, not the good policy. The easiest thing for me to do this evening would be either to say nothing at all or to join in the cacophony, but neither option is the right thing to do.

Few, if any, service personnel enlist for the salary. It is always—always—about serving our nation. This point has quietly and persistently been put to me by servicemen and servicewomen since this issue arose. That said, I am the first person to acknowledge that our men and women in uniform do exceptional and often dangerous work on our behalf, and that they and their families make sacrifices that most other Australians are never called upon to do. Their remuneration and employment benefits must therefore reflect their service. This is why, over the past decade, ADF wage rises have outpaced inflation by almost 10 per cent. But, importantly and critically, they were done at a time when the nation could afford it. Chris Richardson also noted today:

… a temporary boom has come and gone, and a sustainable path for our national social compact requires some tough decisions.

The government's decision on defence pay is one of those tough decisions. This is what good government looks like. This is not an easy decision but it is the right one for Australia in its current fiscal environment. As the Prime Minister said today:

… what's possible with a $20 billion surplus is not always possible with a $40 billion deficit.

Most, if not all, Australians would acknowledge that we do have a social contract with our service personnel. While not explicit, it is implicit in the range of extra support provided to our service personnel over and above what most other working Australians receive. Therefore, any genuine public policy debate on this issue must also address the question: what is the nature of the social contract with our service personnel and what is our responsibility in return for their service? But when answering this question, benefits such as housing, medical, dental, superannuation and a wide range of other service- and employment-specific allowances must also be taken into the equation. The assistant defence minister, Stuart Robert, recently clearly outlined the complete remuneration package of an army private, and I commend that to anybody interested in the facts. As the Army Adjutant General responsible to the Chief of Army for the assurance of the safety and security of his personnel, I understand that any social contract extends to the quality of equipment and training provided to defence personnel to ensure they are as safe as possible in very dangerous environments and that they are supported by the most capable military systems we can afford.

Today, the Prime Minister announced that the government will not be going ahead with the changes to the allowances of defence personnel. I support that decision, but, again, it is $17 million that will not be available for other purposes within the defence budget, and the question is: where and whom will it come from? Sir Robert Menzies said over 50 years ago:

… the ALP can easily make a series of brand new offers without saying where the new hundreds of millions are to come from; though they will, of course, come from you. For governments have no money to spend except that which has been earned and paid over, by tax or loan, by the men and women of Australia.

Fast forward to today, and from those opposite we still hear expenditure recommendations but no accompanying saving measures. Here are some of the very inconvenient facts they
studiously avoid in this place. Labor and the Greens left Australia with an accumulated debt of $123 billion, with $667 billion in projected future taxpayer debt. This financial year the federal budget's projected spending is nearly $415 billion. However, this year's projected revenue is in the region of $385 billion, leaving a deficit which is greater than this year's entire defence budget of $24 billion. As all Australians with loans know, debt does not improve with time, nor magically disappear. So not only is there the interest of $1 billion per month that Australian taxpayers currently pay but the principal of at least $123 billion also has to be paid back. Not once have I heard anyone opposite acknowledge that this debt has to be paid back or come up with a single credible policy to address it.

When the coalition came into power it found a defence budget that could only be described as a shambles. In fact, Dr Mark Thompson of the Australian Strategic Policy Institute said in 2012:

… investment is badly stalled, and the defence budget is an unsustainable mess. Not only are cost pressures breaking out, but personnel and operating costs now dwarf capital investment.

Put simply, the defence budget is a mess. Nowhere was Labor's budgetary deception greater than their supposed grand compact with defence personnel—the Strategic Reform Program in 2009, which they promised would deliver Force 2030. In fact, Labor ministers promised on no less than 38 occasions that they were committed to average real growth of three per cent to 2017-18 and 2.2 per cent from 2018 to 2030.

The cruellest hoax of all that they perpetrated on defence personnel was a promise that if Defence made the SRP savings of $20 billion, it would be invested to deliver Force 2030. It was not easy but it was done by Defence. What happened? Instead of this rolled-gold absolute promise, $16 billion was cut from the defence budget—10.5 per cent in 2012-13 alone. The share of GDP spent on defence fell to 1.56 per cent—its lowest level since 1938. Their promised 12 new submarines were one of the many programs unfunded by Labor. In fact, under them 119 projects were delayed, 43 projects were degraded and eight projects were cancelled. A complete 10-year defence capability plan has not been released since 2009, and by the time of the so-called white paper in 2013, all pretence of funding for defence had disappeared. I was the director of Strategic Reform Program for Army in 2009 and 2010, so no matter how often the Labor Party denies they betrayed defence personnel in the worst possible way I know it was true, because I experienced it firsthand. But do not take just my word for it. The secretary of Defence, Dennis Richardson, said last year:

No sooner had—
SRP—
been announced and ‘sold’ within the Department—
I might say in good faith on Defence's side—
when broader fiscal measures not only led to a moving of the goal posts but to their cutting down for use as firewood.

Those are the secretary of defence's own words.

This government is committed to delivering an ADF, but one that is costed, affordable and sustainable. We are starting the process of delivering vital capabilities that will ensure that not only can the ADF do what we ask of it but it does it with the best possible equipment and capability supporting it. There is no-one who wants to see the ADF re-equipped with the best
available, affordable capability more than me; however, I realise that it has to be funded and paid for. It is my wish and my hope that we do continue to re-equip our service personnel and that they can receive a pay increase when once again the country can afford to pay for it.'

Sydney Walking Trails

Senator FAULKNER (New South Wales) (22:00): Near the beginning of last century, Henry Lawson penned The Bonny Port of Sydney, which begins:

The lovely Port of Sydney
Lies laughing to the sky,
The bonny Port of Sydney,
Where the ships of nations lie.
You shall never see such beauty,
Though you sail the wide world o'er,
As the sunny Port of Sydney,
As we see it from the Shore.

Tonight I want to speak about the greatest natural asset of the city in which I live—Sydney Harbour—and a modest public works project that will ensure the public can experience all the beauty that Lawson wrote of. The harbour has always been the heart of Sydney. However, while a ferry ride to Manly is an essential for any visitor, the harbour lacks a defining experience that would enable everyone—whether they are from across the world or from down the street, whether rich or poor—to enjoy all it has to offer.

So tonight I want to propose a very modest public works project that will enhance the amenity of the harbour—a way marked walking track uniting two of Australia's most famous icons, Bondi and Manly beaches. This 'Bondi to Manly' track would connect these two world-famous beaches by following the shoreline of Sydney Harbour. It would pass the Sydney Opera House and cross the Sydney Harbour Bridge—perhaps our country's best-known international landmarks. I am confident a walking track from Bondi to Manly, if promoted and supported by all levels of government, has the potential to quickly become one of the great urban trails of the world. But what's more, this walking route already exists—it just remains hidden from the public.

Setting out from Bondi Beach the route heads up to South Head, then across the Sydney Harbour Bridge and finally along the northern edge of the outer harbour to Manly Beach. The walk is nearly 70 kilometres in length, much of it on existing bush tracks running along the edge of the harbour through the Sydney Harbour National Park. In parts, walkers need to follow roads and paths in built-up areas, behind houses with harbour or ocean frontages, but for the vast majority of its length the walk follows the water's edge.

To those not fortunate enough to have spent any time in Sydney Harbour's parks or walking on its tracks, it comes as a surprise to learn that you can bushwalk, right now, from Sydney's most beautiful and famous southern beach to Sydney's most beautiful and famous northern beach and, along the way, have a front-row view of one of the world's most extraordinary coastlines and beautiful harbours. It is all there, just waiting to be formally presented to the world.
I am certain that, once completed, this walking track could not be bettered anywhere in the world. It would become a ‘must do’ for walkers everywhere—a truly world-class walk that would sit comfortably in the company of the Thames Path in London, the Dragons Back Trail in Hong Kong, Vancouver's Sea Wall, the Berlin Wall Trail, and the walk in the Tijuca Forest in Rio de Janeiro. These walks are not only important cultural and recreational experiences, they are also important generators of tourist revenue. All these walks are great attractions in the city where they are found. They are all different, all spectacular, all worth a visit. They are fun, educational, good for health and wellbeing—and there is just no better way to experience and explore a great city than on foot.

Sydney is also a great city—I believe a city of unsurpassed natural beauty. Surely it is time to take some small steps to showcase it to walkers from around the world? While the costs would be small, the benefits—cultural and economic—would be great. Way markers, maps and signage are all that is required. The potential of this walk to focus the attention of the world on the spectacular natural beauty of Sydney Harbour and the thousands of acres of national park along its shoreline is huge.

Why this walk? Sydney Harbour has played a central role in our national life—our history, geography, economy and culture. It is the birthplace of modern Australia, but its importance goes well beyond marking the place where black and white Australia first really met. Local Indigenous communities, who made up the Eora nation, had been living around the shores of Sydney Harbour for thousands, if not tens of thousands, of years, before the harbour first came to the notice of Europeans.

From that day, in 1770, when Captain James Cook first sailed past the rocky headlands then known to the local Aboriginals as Car-Rang-Gel and now known as South and North Head, Sydney Harbour has captivated millions. Cook named the harbour Port Jackson, after Sir George Jackson, the Judge Advocate of the British Fleet. By noting its value as a 'safe anchorage' in the Endeavour's ships log, Cook became the first European to record the virtues of Sydney Harbour. He was the first of a long, long line.

Fast-forward to the present day, and Sydney, now a sprawling international metropolis, has changed beyond recognition from convict days, but the majesty of the harbour is undiminished. It only takes an afternoon's stroll along one of the countless winding bush tracks that ring the outer harbour's southern and northern edges for anyone with an eye for beauty or a love of nature and the outdoors to be spellbound.

For generations Sydney Harbour has been a drawcard. It has been a place to live, to enjoy, to work, to fish, to play, to swim, to relax, to sail, to marry, to celebrate or to contemplate. It has been a place to walk. Whether it is from the deck of a ferry or on a harbourside beach, millions of Sydneysiders and visitors to Sydney have flocked to the harbour and seen its majesty and sheer natural beauty.

Of course it is not just the scenery that makes Sydney Harbour such an important part of Australian national life. Australia's two best known man-made landmarks, the Sydney Harbour Bridge and the Sydney Opera House, grace the shores of Port Jackson, and are in turn graced by it. Together they are the quintessential Australian postcard, recognised around the world.
But, despite all this beauty and all the joy Sydney Harbour has given the city of Sydney and its residents over the years, many Sydneysiders and visitors to Sydney still have an ambiguous relationship with the harbour. We love it, but unless you are fortunate enough to be one of the lucky few who lives on it, or near it, the harbour is still a quixotic place, perhaps even a little mysterious and intimidating to some. For many, its place in the life of modern Sydney, is limited to looking fabulous or occasionally filling us with wonder as the backdrop to a night of fireworks.

It is my hope that by clearly and simply way-marking a walking track between Sydney's two most famous surf beaches—a walking track that allows walkers to enjoy all the secret nooks and crannies of the outer harbour, all of its intimate bays and secluded inlets, all of its hidden beaches and secret pathways, we can build an unsurpassed public experience on public land around the world's greatest natural harbour.

Over the past seven years, my friend Lachlan Harris and I have spent many hours exploring and investigating alternative routes to find the best options for the Bondi-to-Manly walk. I would like to acknowledge that, without his help and enthusiasm, this project would still be in its infancy.

From Bondi to Watsons Bay, most of the track runs along the bluffs of Dover Heights and Diamond Bay through a series of cliff-side reserves. From Watsons Bay to Rose Bay the track follows the Hermitage Reserve trail. From Woollahra you follow the shoreline of Farm Cove and Sydney Cove through the Botanical Gardens around Circular Quay to the Rocks. Once you cross the Harbour Bridge and make it to Cremorne Point, almost the entire walk around Mosman Bay, past Taronga Zoo, around Bradleys Head and Middle Head is a bush walk through sections of the Sydney Harbour National Park. Apart from a small stretch along suburban roads from Balmoral to the Spit Bridge, almost the entire walk to Manly then trails through National Park on the northern edge of Middle and North Harbour.

The views are stunning. It is an unforgettable experience. All the raw materials for a truly majestic walk around Sydney Harbour are already there. They have been for countless centuries. The vision of early New South Wales governments, who locked up much of the harbour-side land for public use, has left us with an incredible legacy of harbour-side walking tracks. But still missing is a simple, compelling, and exciting plan to pull all these wonderful walking tracks together. And that is where Sydney's two most famous beaches—Bondi and Manly—come in. They become the start and finish of a walking track that winds around the entire outer harbour. A walk that is not only visually beautiful, but has the logic, the starting place, the finishing place, and that indefinable 'X' factor that all great walks really need.

Walking all the way from Bondi Beach to Manly is a challenge. But it is worth it. It will take most people at least two, if not three or four days, to complete the walk. But it is predominantly a bush walk, along almost the entire shoreline of the main part of the world's most beautiful harbour—at the centre of a city of 4.8 million people. There is no doubt that the Bondi-to-Manly walk could be the greatest urban walk in the world. Making it happen would cost very little. I hope some vision and commitment, along with modest financial support, will make the Bondi-to-Manly walk not only a reality but an international icon.
Rural and Regional Mental Health Services

Senator WRIGHT (South Australia) (22:10): Those who have followed my contributions in this chamber and in the community would know I have an abiding interest in rural mental health. I have travelled widely across Australia, talking to people about the challenges of getting mental health support in the bush and what mental health services should—or could—look like for people who live outside city limits. We know that people in the country have unique pressures on their mental health and often do not have a psychologist or mental health nurse around the corner who can provide support. Even getting to a GP for primary care—or a referral—can mean a three-hour car trip and a great deal of stress. Too often people in the country are forgotten and fall victim to a crisis centred system where they cannot get access to mental health services until they are experiencing a crisis and then face being transferred away from their community for treatment.

One of my goals for my time in parliament is to keep a focus on mental health, and particularly rural mental health simply because, for those who live in country Australia, it can be a matter of life and death. Country Australians are losing people—fathers, sisters, friends and children—to suicide, and it shatters entire communities. During Mental Health Week in October, I conducted a survey to follow up on my rural mental health consultation. Technically my consultation concluded in 2013, but in many ways it has never really ended. The survey results were damning and dispiriting: of those who responded only six per cent of people working in the mental health sector felt their region had sufficient mental health services for the needs of their community and only seven per cent of people thought that those in their community were able to access care before reaching a crisis stage.

Poor access to sub-acute services—that is, services before a crisis hit—and the need for better community based care were two issues identified as key areas for improvement in the survey. This is consistent with the findings of my rural mental health consultation, where I was told that people wanted a ‘mental health safety net—not an ambulance’. An overwhelming number of people said it was difficult to attract staff to work in rural areas. Again, this is one of the key issues which mental health workers in rural and remote areas have raised with me. They talk in terms of culturally appropriate care and the need to ‘grow your own’ workers so that workers understand the unique aspects of rural communities and will stay.

We need a rural mental health workforce plan to address the alarming shortage of rural mental health workers who are willing to go to country areas. A lack of training and support for mental health workers in rural areas was also identified by survey respondents as a significant issue in need of attention. Sixty-seven per cent of rural mental health workers said that rural mental health did not receive a lot of media attention. We saw during Mental Health Week, thanks to the ABC, what a difference it makes when the national conversation turns to mental health and we get to hear powerful stories of mental health challenges and recovery. It reinforces the reality that we all experience mental health peaks and troughs in our lifetime—and that is okay. The survey results provided a damning report card for the Abbott government when it comes to mental health. When asked to rank the Abbott government's performance on rural mental health to date, almost half gave the government the lowest possible score and 80 per cent gave an unfavourable ranking. Eighty-nine per cent of mental health workers who responded said there should be a dedicated federal mental health minister.
When it came to respondents who have lived experience of mental ill-health, they rated stigma as one of the most significant issues faced by people in country areas.

People have said that the distress of the stigma they have experienced as a result of their mental ill health often stays with them long after they have recovered from the mental ill-health condition. Stigma is something that we, as a country, must address seriously. We are one of only two OECD countries without a national anti-stigma program. I will continue to put pressure on the government to take stigma seriously. I am not just talking about a glossy, temporary advertising campaign but a consistent, evidence-based education campaign that starts with young people and is informed by the experience of those who live with mental ill-health. Stigma is often acutely felt by young people in the country, many of whom turn to the Kids Helpline or online services—like the wonderful ReachOut.com website—for support in the privacy of their own homes.

Just last week the National Children's Commissioner handed down her Children's rights report 2014, which focuses on self-harm and suicide among young people. This is yet another distressing report which details the extent of mental distress experienced by people as young as nine or 10 years old and, tragically, sometimes even younger. In her report, the commissioner identifies children and young people in rural areas as being disproportionately affected by intentional self-harm and suicide. Ratios for death due to intentional self-harm among young men are particularly high, with some estimates finding that it occurs at almost twice the rate as in metropolitan areas.

The National Children's Commissioner cites Suicide Prevention Australia, who suggest that factors like underemployment; lack of infrastructure, including health and education services; restricted social and career opportunities; drought; and cultural stoicism may contribute to the distress of young people in rural Australia. Children and young people with mental ill health also often experience a lack of services and access to information in rural Australia.

The data in the Children's rights report 2014 makes for bleak and confronting reading. It is clear we have a serious, serious problem in Australia. It shows that each week one child dies by suicide in Australia and between 50 and 60 are hospitalised for attempting to suicide. The data also shows that children from an Aboriginal or Torres Strait Islander background aged four to nine are twice as likely to suicide as others the same age—yes, I said four to nine. It shows that the suicide rate among Aboriginal teenagers is five times higher than for other teens. It also highlights other particularly vulnerable groups: rural youth, as I mentioned; children and young people who have a disability; those who are in out-of-home care; those from a CALD, a culturally and linguistically diverse background; and those who are sexuality or gender diverse.

What the data does not show is what it is that is leading our young people to harm or kill themselves in increasing numbers or why a generation of young people is apparently losing hope. This is the conversation we must have, the research we must do and the exploration we must pursue. The National Children's Commissioner has made some very practical and detailed recommendations to the government which indicate how this alarming loss of life and of hope can be addressed. These include a national research agenda and better, more consistent standardised data, reporting and surveillance from across the states and territories. I look forward to seeing the government's response to this comprehensive report so that we can
work together in this parliament towards solutions to get our precious young people the support they need before it is too late.

I am concerned that since 2010, when mental health was a word on everybody's lips, mental health has gone off the federal government's radar. It is clear to me that we need a dedicated federal mental health minister to halt the decline, to show the Australian community that the federal government takes mental health seriously, to have national leadership and to ensure that mental health gets attention and funding commensurate with its impact and the burden of disease and lost productivity it brings with it. It affects all of us.

In the course of my rural mental health survey, it emerged that only eight per cent of mental health workers felt that mental health was a priority for their local parliamentarian. At a time when more teenagers are dying by suicide than in car accidents and given that nearly half of us will experience mental ill health at some point in our lifetime, mental health should be a priority for every parliamentarian across Australia. This is about the heart of our nation's wellbeing. I urge my colleagues here and in the other place to make it a priority.

Senate adjourned at 22:20

DOCUMENTS

Tabling

The following documents were tabled by the Clerk pursuant to statute:


Australian Prudential Regulation Authority Act 1998—Australian Prudential Regulation Authority (confidentiality) determination—

No. 16 of 2014 [F2014L01589].

No. 17 of 2014 [F2014L01590].

Australian Research Council Act 2001—

Approval of ARC Linkage Infrastructure, Equipment and Facilities Proposals for funding commencing in 2015—Determination No. 132.

Approval of Discovery Early Career Researcher Award Proposals for funding commencing in 2015—Determination No. 134.

Approval of Discovery Indigenous Proposals for funding commencing in 2015—Determination No. 131.

Approval of Discovery Project proposals for funding commencing in 2015—Determination No. 133.

Civil Aviation Act 1988—Civil Aviation Safety Regulations 1998—

Engine Mount Fire Seal Washer—AD/GA8/8 [F2014L01585].

Exemption—participation in land and hold short operations (Air New Zealand)—CASA EX151/14 [F2014L01595].

Defence Act 1903—Section 58B—
Deployment allowance – amendment—Defence Determination 2014/64.
Reserve employer support payments – amendment—Defence Determination 2014/55.
Woomera conditions of service—Defence Determination 2014/63.

Environment Protection and Biodiversity Conservation Act 1999—
Amendment of List of Exempt Native Specimens – Western Tuna and Billfish Fishery (21 November 2014) (deletion)—EPBC303DC/SFS/2014/49 [F2014L01594].
Amendment of List of Exempt Native Specimens – Western Tuna and Billfish Fishery (21 November 2014) (inclusion)—EPBC303DC/SFS/2014/50 [F2014L01593].

Financial Sector (Collection of Data) Act 2001—
Financial Sector (Collection of Data) (reporting standard) determination No. 31 of 2014 – ARS 221.0 – Large Exposures [F2014L01582].
Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2014 – ARS 210.0 – Liquidity [F2014L01583].

Fisheries Management Act 1991—Western Tuna and Billfish Fishery Management Plan 2005—Western Tuna and Billfish Fishery Total Allowable Commercial Catch Determination (No. 2) 2014 [F2014L01588].


Radiocommunications Act 1992—
Radiocommunications (Australian Space Objects) Determination 2014 [F2014L01586].
Radiocommunications (Foreign Space Objects) Determination 2014 [F2014L01584].

Tabling
The following documents were tabled by the government pursuant to statute:
Australian Human Rights Commission—Reports—
No. 81—TM v Linfox Australia Pty Ltd.
No. 82—Alwy Fadhel v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 83—FA, FB, FC and FD v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 84—AQ v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 85—Jafari v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 86—MG v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 87—HA, HB, HC, HD and HE v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 88—AH v Commonwealth of Australia (Department of Immigration and Border Protection).
No. 89—PJ v AMP Financial Planning Pty Limited.
No. 90—Charlie v Commonwealth of Australia (Department of Immigration and Border Protection).
Fair Work Commission—Report for 2013-14 [Replacement page 60].
Health—Ebola—Letter to the President of the Senate from the Minister for Foreign Affairs (Ms Bishop), dated 26 November 2014, responding to the resolution of the Senate of 25 September 2014.