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SITTING DAYS—2014

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
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<tbody>
<tr>
<td>February</td>
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<td>July</td>
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<tr>
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<td>December</td>
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FORTY-FOURTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

Senate Office holders

President—Senator Hon. John Joseph Hogg
Deputy President and Chair of Committees—Senator Stephen Parry
Temporary Chairs of Committees—Senators Cory Bernardi, Thomas Mark Bishop, Suzanne Kay Boyce, Sean Edwards, David Julian Fawcett, Mark Lionel Furner, Alexander McEachian Gallacher, Scott Ludlam, Gavin Mark Marshall, Anne Sowerby Ruston, Dean Anthony Smith, Ursula Mary Stephens, Glenn Sterle and Peter Stuart Whish-Wilson
Leader of the Government in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator the Hon Stephen Conroy
Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield
Manager of Opposition Business in the Senate—Senator Claire Moore

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
Leader of The Nationals in the Senate—Senator Hon. Nigel Scullion
Deputy Leader of The Nationals in the Senate—Senator Hon. Fiona Nash
Leader of the Australian Labor Party—Senator the Hon Penny Wong
Deputy Leader of the Australian Labor Party—Senator the Hon Stephen Conroy
Leader of the Australian Greens—Senator Christine Anne Milne
Chief Government Whip—Senator Helen Kroger
Deputy Government Whips—Senators Christopher John Back and David Christopher Bushby
Chief Opposition Whip—Senator Anne McEwen
Deputy Opposition Whips—Senators Catryna Louise Bilyk and Anne Elizabeth Urquhart
Australian Greens Whip—Senator Rachel Siewert

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

<table>
<thead>
<tr>
<th>Senator</th>
<th>State or Territory</th>
<th>Term expires</th>
<th>Party</th>
</tr>
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<tbody>
<tr>
<td>Abetz, Hon. Eric</td>
<td>TAS</td>
<td>30.6.2017</td>
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<tr>
<td>Back, Christopher John</td>
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<td>Bernardi, Cory</td>
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<td>Bilyk, Catryna Louise</td>
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<tr>
<td>Birmingham, Simon John</td>
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<tr>
<td>Bishop, Thomas Mark</td>
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<tr>
<td>Boswell, Hon. Ronald Leslie Doyle</td>
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<tr>
<td>Boyce, Suzanne Kay</td>
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<tr>
<td>Brandis, Hon. George Henry, QC</td>
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<td>Brown, Carol Louise</td>
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<td>Carr, Hon. Kim John</td>
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<td>Cash, Michaelia Clare</td>
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<td>Colbeck, Hon. Richard Mansell</td>
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<td>Collins, Jacinta Mary Ann</td>
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<td>Faulkner, Hon. John Philip</td>
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<tr>
<td>Fawcett, David Julian</td>
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<tr>
<td>Fierravanti-Wells, Concetta Anna</td>
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<td>Fifield, Mitchell Peter</td>
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<td>Turner, Mark Lionel</td>
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<td>Gallacher, Alexander McEachian</td>
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<td>Kroger, Helen</td>
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<td>McLucas, Hon. Jan Elizabeth</td>
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<td>Madigan, John Joseph</td>
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<td>O'Sullivan, Barry James</td>
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<td>Peris, Nova Maree AOM</td>
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<td>Polley, Helen Beatrice</td>
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<td>Rhiannon, Lee</td>
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<td>Ronaldson, Hon. Michael</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:

<table>
<thead>
<tr>
<th>Territory</th>
<th>Senator</th>
<th>Party</th>
<th>Senator</th>
<th>Party</th>
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<tr>
<td>Australian Capital Territory</td>
<td>Lundy, K.</td>
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<td>Seselja, Z.M.</td>
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<td>Scullion, N. G.</td>
<td>CLP</td>
<td>Peris, N.M.</td>
<td>ALP</td>
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</tbody>
</table>

(1) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice H. Coonan, resigned 22.8.11), pursuant to section 15 of the Constitution.

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

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

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

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

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

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

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

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

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

PARTY ABBREVIATIONS
Heads of Parliamentary Departments
Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—C Mills
Parliamentary Budget Officer—P Bowen
<table>
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<th>Title</th>
<th>Minister</th>
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<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>
</tr>
<tr>
<td>Minister for Infrastructure and Regional Development (Deputy Prime Minister)</td>
<td>The Hon Warren Truss MP</td>
</tr>
<tr>
<td>Assistant Minister for Infrastructure and Regional Development</td>
<td>The Hon Jamie Briggs MP</td>
</tr>
<tr>
<td>Minister for Foreign Affairs</td>
<td>The Hon Julie Bishop MP</td>
</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>
</tr>
<tr>
<td>Minister for Employment (Leader of the Government in the Senate)</td>
<td>Senator the Hon Eric Abetz</td>
</tr>
<tr>
<td>Assistant Minister for Employment (Deputy Leader of the House)</td>
<td>The Hon Luke Hartsuyker MP</td>
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<tr>
<td>Attorney-General</td>
<td>The Hon Michael Keenan MP</td>
</tr>
<tr>
<td>Minister for the Arts (Vice-President of the Executive Council)</td>
<td>The Hon George Brandis QC</td>
</tr>
<tr>
<td>(Deputy Leader of the Government in the Senate)</td>
<td>Senator the Hon George Brandis QC</td>
</tr>
<tr>
<td>Minister for Justice</td>
<td>The Hon George Brandis QC</td>
</tr>
<tr>
<td>Treasurer</td>
<td>The Hon Joe Hockey MP</td>
</tr>
<tr>
<td>Minister for Small Business</td>
<td>The Hon Bruce Billson MP</td>
</tr>
<tr>
<td>Acting Assistant Treasurer</td>
<td>Senator the Hon Mathias Cormann</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Treasurer</td>
<td>The Hon Steven Ciobo MP</td>
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<tr>
<td>Minister for Agriculture (Leader of the House)</td>
<td>The Hon Barnaby Joyce MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Agriculture</td>
<td>Senator the Hon Richard Colbeck</td>
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<tr>
<td>Minister for Education (Leader of the House)</td>
<td>The Hon Christopher Pyne MP</td>
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<tr>
<td>Assistant Minister for Education</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Education</td>
<td>Senator the Hon Scott Ryan</td>
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<tr>
<td>Minister for Industry (Parliamentary Secretary to the Minister for Industry)</td>
<td>The Hon Bob Baldwin MP</td>
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<tr>
<td>Minister for Social Services</td>
<td>The Hon Kevin Andrews MP</td>
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<tr>
<td>Assistant Minister for Social Services (Manager of Government Business in the Senate)</td>
<td>Senator the Hon Mitch Fifield</td>
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<tr>
<td>Minister for Human Services</td>
<td>Senator the Hon Marise Payne</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Social Services</td>
<td>Senator the Hon Concetta Fierravanti-Wells</td>
</tr>
<tr>
<td>Minister for Communications (Parliamentary Secretary to the Minister for Communications)</td>
<td>The Hon Malcolm Turnbull MP</td>
</tr>
<tr>
<td>Minister for Health</td>
<td>The Hon Peter Dutton MP</td>
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<tr>
<td>Minister for Sport</td>
<td>The Hon Peter Dutton MP</td>
</tr>
<tr>
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</tr>
<tr>
<td>Title</td>
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<tr>
<td><strong>Minister for Defence</strong></td>
<td>Senator the Hon David Johnston</td>
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<tr>
<td>Minister for Veterans’ Affairs</td>
<td>Senator the Hon Michael Ronaldson</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for the Centenary of ANZAC</td>
<td>Senator the Hon Michael Ronaldson</td>
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<tr>
<td>Assistant Minister for Defence</td>
<td>The Hon Stuart Robert MP</td>
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<tr>
<td>Parliamentary Secretary to the Minister for Defence</td>
<td>The Hon Darren Chester MP</td>
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<tr>
<td><strong>Minister for the Environment</strong></td>
<td>The Hon Greg Hunt MP</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for the Environment</td>
<td>Senator the Hon Simon Birmingham</td>
</tr>
<tr>
<td><strong>Minister for Immigration and Border Protection</strong></td>
<td>The Hon Scott Morrison MP</td>
</tr>
<tr>
<td>Assistant Minister for Immigration and Border Protection</td>
<td>Senator the Hon Michaelia Cash</td>
</tr>
<tr>
<td><strong>Minister for Finance</strong></td>
<td>Senator the Hon Mathias Cormann</td>
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<tr>
<td>Special Minister of State</td>
<td>Senator the Hon Michael Ronaldson</td>
</tr>
<tr>
<td>Parliamentary Secretary to the Minister for Finance</td>
<td>The Hon Michael McCormack MP</td>
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</tbody>
</table>

Each box represents a portfolio. **Cabinet Ministers are shown in bold type.** As a general rule, there is one department in each portfolio. However, there is a Department of Human Services in the Social Services portfolio and a Department of Veterans’ Affairs in the Defence portfolio. The title of a department does not necessarily reflect the title of a minister in all cases.
## SHADOW MINISTRY

<table>
<thead>
<tr>
<th>Title</th>
<th>Shadow Minister</th>
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<tbody>
<tr>
<td>Leader of the Opposition</td>
<td>Hon Bill Shorten MP</td>
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<tr>
<td>Shadow Minister Assisting the Leader for Science</td>
<td>Senator the Hon Kim Carr</td>
</tr>
<tr>
<td>Shadow Minister Assisting the Leader for Small Business</td>
<td>Hon Bernie Ripoll MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Small Business</td>
<td>Julie Owens MP</td>
</tr>
<tr>
<td>Shadow Cabinet Secretary</td>
<td>Senator the Hon Jacinta Collins</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary to the Leader of the Opposition</td>
<td>Hon Michael Danby MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary to the Leader of the Opposition</td>
<td>Dr Jim Chalmers MP</td>
</tr>
<tr>
<td>Deputy Leader of the Opposition</td>
<td>Hon Tanya Plibersek MP</td>
</tr>
<tr>
<td>Shadow Minister for Foreign Affairs and International Development</td>
<td>Senator Claire Moore</td>
</tr>
<tr>
<td>Shadow Minister for Women</td>
<td>Senator the Hon Don Farrell</td>
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<tr>
<td>Manager of Opposition Business (Senate)</td>
<td>Hon Matt Thistlethwaite MP</td>
</tr>
<tr>
<td>Shadow Minister for the Centenary of ANZAC</td>
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<tr>
<td>Shadow Parliamentary Secretary for Foreign Affairs</td>
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<tr>
<td>Leader of the Opposition in the Senate</td>
<td>Senator the Hon Penny Wong</td>
</tr>
<tr>
<td>Shadow Minister for Trade and Investment</td>
<td>Dr Jim Chalmers MP</td>
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<tr>
<td>Deputy Leader of the Opposition in the Senate</td>
<td>Senator the Hon Stephen Conroy</td>
</tr>
<tr>
<td>Shadow Minister for Defence</td>
<td>Hon David Feeney MP</td>
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<tr>
<td>Shadow Minister for Veterans’ Affairs</td>
<td>Senator the Hon Don Farrell</td>
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<tr>
<td>Shadow Parliamentary Secretary for Defence</td>
<td>Gai Brodtmann MP</td>
</tr>
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<td>Shadow Minister for Infrastructure and Transport</td>
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The PRESIDENT (Senator the Hon. John Hogg) took the chair at 09:30, read prayers and made an acknowledgement of country.

MINISTERIAL ARRANGEMENTS

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (09:31): by leave—I wish to inform the Senate of the election of Senator Bushby as Chief Government Whip in the Senate, and Senators Ruston and Fawcett as Deputy Government Whips taking effect from 1 July, 2014. Mr President, I also note that this was the last time that you said prayers and, again, thank you very much for your contribution to this chamber.

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (09:31): by leave—I rise to acknowledge the tremendous work in this place done by Senator Bridget McKenzie in her role as the National Party Whip in the Senate. I would also like to take this opportunity to congratulate Senator Barry O'Sullivan for ascension to that role. I wish both of them the best in their new capacities.

BILLS

Flags Amendment Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator XENOPHON (South Australia) (09:32): The primary aim of this bill that I have moved with my colleague Senator John Madigan is to require Australian flags flown, used or supplied by the Commonwealth to be manufactured in Australia from Australian materials. At the outset, I would like to foreshadow that Senator Madigan and I will be moving amendments to require only that the flags be only Australian made, consistent with the requirement set out in the Australian Consumer Law, and that has arisen out of a very useful Senate inquiry process. I will be moving those amendments should this bill go past the second reading stage in committee.

In essence, this would mean that the flags would have to meet the following requirements: the goods have been substantially transformed in Australia and 50 per cent or more of the total cost of producing or manufacturing the goods is attributable to production or manufacturing processes in Australia. This amendment is in line with concerns raised by industry—flag makers in this country—during the committee inquiry into the bill and, in particular, the cost of manufacturing all elements of a flag in Australia. It is a pragmatic and sensible amendment. It is an amendment that should remove any concerns that the government or the opposition have in relation to this. At the outset, I would like to acknowledge the role of Senator Kim Carr. He has been a passionate advocate for manufacturing in this country, and I am grateful for the conversations I have had with Senator Carr in respect of this bill.

While I acknowledge the concerns of flag makers in relation to these costs—and I believe they are real concerns—I do want to take the opportunity to point out just how far we have
failed in supporting our manufacturing and associated industries when it is too expensive to even make material for our own flags. In recent years, we have seen our manufacturing sector face challenge after challenge, with little effective support from governments of either persuasion. Without support and with the added burden of the closure of Ford, Holden and Toyota as automotive manufacturers in Australia, we are at real risk of causing a huge chasm in Australian manufacturing. And we also know that our dumping laws are not strong enough. We know that the coalition made a promise at the last election that they would reverse the onus of proof in dumping cases, something that Senator Madigan and I are passionately in favour of. In fact, I have moved amendments, co-sponsored by Senator Madigan, in relation to that. I know that Senator Whish-Wilson from the Australia Greens is also passionately concerned about manufacturing and the way that these free trade agreements operate. It is very important that the commitment of the government at the last election is something that is honoured in order to save Australian manufacturing jobs.

The former Prime Minister's Taskforce on Manufacturing in its August 2012 report estimated that 950,000 people were employed in the sector and that it contributed eight per cent of gross domestic product directly. That did not include the significant amount it contributes indirectly through flow-on effects to other businesses. It also contributed 29 per cent of Australia's exports despite the high dollar. But the report also stated that, over the four years prior, over 100,000 jobs had disappeared from manufacturing. The report also estimated that another 85,600 jobs, at a minimum, would be lost in the five years following the publication of the report. Sadly, that is coming true with the demise of original auto manufacturers in this country. That figure could well be significantly higher now given that Ford, Holden and Toyota are planning to exit Australia by no later than the end of 2017—in Ford's case, it is in 2016. If we lose our manufacturing sector, we will be at a global disadvantage. We will lose not only tens of thousands of jobs but also our self-sufficiency. I also find that it beggars belief that the Australian government would not even allow Australian manufacturers, shipbuilders, to tender for those two supply ships. Absolutely staggering. They were not even given the opportunity to be part of that process which would have meant thousands of jobs in a number of states, including my home state of South Australia.

I do believe flag makers when they tell us that they simply could not source Australian material to make flags that would satisfy the bill as it stands. It is, quite frankly, an embarrassment to have allowed our manufacturing sector to have reached this stage, to be on its knees, but, in support of the manufacturers and flag makers we still have, we will seek to amend this bill because we want to be sensible and pragmatic and we want to save as many Australian jobs as possible. Who knows—if this bill gets through, if this gives a shot in the arm to Australian flag makers, maybe in the not-too-distant future they will be able to make flags that are 100 per cent Australian made using Australian materials.

This bill was prompted by the concerns of Senator Madigan and me regarding government procurement—in particular, relating to procurement for Parliament House. I commend Senator Madigan for having initiative in the procurement inquiry. Both the government and the opposition will be familiar with our push to have the Department of Parliamentary Services accept an Australian-made dinner set, a crockery set, for use in the members' dining room because the current set is made in England, China or the United Arab Emirates. Despite
spending over $10,000 of our own money to commission the 750-piece set, DPS has so far refused to use it. Senator Madigan and I are now considering which charities would benefit most from the donation of Australian made, high-quality china.

Our ongoing interactions with DPS prompted us to move for a Senate committee inquiry into procurement processes generally, which Senator Madigan led the charge on. I believe that government procurement should make the best use of taxpayer money possible. In my view, this should include consideration of the benefits of using Australian products, not just the cost. It also needs to include reliability, quality and other factors. There are the flow-on effects of having something made here in Australia. The flow-on effects to our economy mean stronger businesses and that means more jobs. Focusing on Australian products also means more support for our manufacturing sector and, therefore, jobs beyond the business retailing the products.

In my view, it is all about value-adding. A business importing office paper, for instance, might be able to give departments a lower up-front cost than an Australian company, but ordering through an Australian company means that jobs in the retailer are supported and so are jobs in the paper mill and forestry sector. We also know that it meets high environmental standards and that workers are employed under fair and safe conditions. These guarantees are priceless. A particularly painful reminder of this occurred in Bangladesh in April last year when 1,129 people lost their lives and another 2,515 were injured when the Rana Plaza building collapsed. Many of the victims were garment workers who were forced to continue working even after the lower floors of the building was closed due to structural concerns. Any decent person would be repelled at the idea of financially supporting this sort of human rights abuse. Our government procurement procedures should actively reject any shadow of such practices relating to the manufacture of procured goods.

In my view, the procurement of Australian flags is symbolic of all the problems with government procurement at federal and state government level. The Australian flag is one of the most powerful and evocative symbols of our nation. It is also a particularly powerful symbol when used in conjunction with the parliament. I think most people, not just Australians, would feel uncomfortable about the idea that the flag flying over their parliament was made in another country. If you put this to the man or woman on the street in China, in the United States, in the UK or in any other country in the world, they would expect that the flag flying on top of their parliament or on top of their government buildings would be made in the country it represents. But in Australia we take such a black-and-white view of procurement rules and free trade arrangements. We are the 'free trade Taliban', as we are taunted overseas. We take this literalist, purest view of free trade like no other country in the world.

I see that Senator Gavin Marshall is in the chamber. He is well familiar with the free trade agreement with Thailand. We do a free trade agreement with Thailand and we get cheap cars from Thailand with no duty. There is meant to be no duty for our cars, but, after the agreement was signed, sealed and delivered, the Thai government changed the rules so that a Ford Territory, for instance, because of its engine size, pays a massive duty. It costs $57,000 to buy a top-of-the-line Ford Territory here and it costs $105,000-plus in Thailand. We have been taken as shmucks in relation to this. I do not say that disrespectfully to the Thai
government, but I say that we have been sold a pup when it comes to some of these free trade agreements.

One of the main arguments raised against this bill in the Finance and Public Administration References Committee report is that the Commonwealth cannot put country-of-origin requirements into procurement rules because it would breach our free trade agreements. But not everyone follows the rules the way we do. The United States, for example, our partner in the Australia-United States Free Trade Agreement, has specific legal exemptions in place for the US Department of Defense, known as the Berry Amendment. The Congressional Research Service explains the amendment in the following terms:

The Berry Amendment … contains a number of domestic source restrictions that prohibit DOD—that is, the Department of Defense—

from acquiring food, clothing (including military uniforms), fabrics (including ballistic fibers), stainless steel, and hand or measuring tools that are not grown or produced in the United States. The Berry Amendment applies to DOD purchases only.

According to the Department of Finance, this is consistent with exemptions allowed to the US under the free trade agreement we have with the United States, but any similar provisions for Australia, at least in the department's view, would be in breach. It seems that, when it comes to raising the white flag, the Department of Finance deserves a gold medal.

Dr Nick Seddon is Adjunct Professor at the College of Law in the Australian National University. He appeared before the committee's inquiry in a personal capacity to share his extensive knowledge of government procurement matters. Regarding the US exemptions, I asked him the following question:

There are two pieces of legislation in the US. There is the Buy American Act, that has been in place since President Hoover in 1933; there is also more recent legislation that requires flags on US government buildings and defence establishments to be made in the United States. How do you say that those key pieces of legislation in the US sit with the US's interpretation of the free trade agreement that we have with them?

Dr Seddon responded:

I have always been puzzled by that. I have never understood how America can enter into these agreements and have legislation like that at home. It baffles me.

So why do we not take advantage of the same exemptions the US does?

Commonwealth procurement is currently guided by the Commonwealth Procurement Rules, or CPRs. As an aside, I suggest that the CPRs need a case of CPR because they are not working. They set out the following areas to be addressed: (1) value for money; (2) encouraging competition; (3) efficient, effective, economical and ethical procurement; (4) accountability and transparency; (5) risk management; and (6) procurement method. Paragraph 5.3 of the CPRs reads:

The Australian Government’s procurement framework is non-discriminatory. All potential suppliers to government must, subject to these CPRs, be treated equitably based on their commercial, legal, technical and financial abilities and not be discriminated against due to their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services.

According to evidence from the Department of Finance:
These commitments provide access for Australian suppliers to the government procurement markets of other countries, whilst also placing obligations on the Commonwealth Government to open up access to our procurement market. These commitments limit the extent to which the Commonwealth Government can preference local suppliers.

Despite the existence of the US domestic product provisions, the department considered that because this bill aims to discriminate between suppliers it would not conform to the current CPRs. In my view, this ties in with Australia's absolutist, purist, fundamentalist and stupid approach to free trade, which has been reinforced by successive governments.

This has been particularly obvious in relation to anti-dumping policy, where Australia refuses to take the same opportunities that other nations do to protect their industries, on the basis that they are in breach of WTO rulings. These other nations, including the US, obviously do not believe this is the case, or, if they do, they are willing to take the risk to save their manufacturing jobs and stand up for their economy.

Our literalist, purist approach is disadvantaging Australian industry and killing Australian jobs. In effect, we are playing by Queensberry rules in the middle of a bar fight, and if we do not toughen up we will end up with more than a bloody nose.

It is also interesting to note that the National Australia Day Council, which is the coordinating body for Australia Day celebrations and the Australia Day awards, takes a different view. During the last Senate estimates session, I had the following exchange with representatives of the council, including Mr Jeremy Lasek, the CEO, and Mr Adrian Watts, Corporate Direction.

Mr Watts: ... for the last seven years that I am aware of, all flag purchases that are flown on flagpoles that we have purchased have been Australian made. That has been my choice for the organisation.

Senator XENOPHON: You might be in breach of WTO obligations, according to the Department of Finance.

Mr Watts: That has been our choice of procurement over the last seven years. There have been reputable suppliers in Australia for that.

So it is clear that it has been the preference of the Australia Day Council, due to a quality control preference, and they are not going to change that position. I congratulate them for it. It is a relief to see that the council understands the importance of insisting on Australian made flags. Interestingly, they do not seem to have come up against any accusations of breaching FTAs.

One question the Department of Finance should ask itself is this: how do we define 'value for money' under the CPRs? Does it include consideration of the flow-on effect of using Australian companies? Does it consider the value of returning taxpayers' money back to the Australian economy? My colleague Senator Madigan will no doubt elaborate on this. Or does it just consider the list price? My instinct suggests it is the latter, and evidence provided to the committee by Australian flag makers backs that up. Carroll & Richardson Flagworld Pty Ltd, in their submission to the committee, stated:

In recent times we have seen a shift in purchasing emphasis by the Australian Government that places at risk the ability of companies such as ours the opportunity to compete fairly with overseas sourced flags. Local importers can easily bring in container loads of flags and swamp our market with cheap and inferior products. The manufacturing plants they source these imported products do not have
the meet the stringent conditions placed on local companies to meet a host of legislative and regulatory requirements.

They continued:

… we have seen the most difficult customer to convince of the need to support and buy Australian Made Flags is the Commonwealth Government itself through its departments. The reason offered by public servants is that their hands are tied because of the requirement they have under the present Commonwealth Procurement Procedures and our WTO obligations. I cannot think of any other country in the world that would allow its National Flags to be made in another country and then imported to the detriment of local companies who are willing and capable of making the flag.

Common sense tells us that government departments and agencies should be supporting Australian companies, not making them jump through more hoops than their competitors.

The aim of this bill is straightforward. Senator Madigan and I will be proposing an amendment to the bill to address concerns raised by flag manufacturers about the cost of production. Also, there has been no conclusive argument made by the Department of Finance or any other body as to how this bill would breach Australia's free trade obligations.

The Australian flag is the symbol of our nation. We should protect and honour that symbol and treat it with the respect it deserves. Government procurement is about much more than ordering cheap office stationery. It should reflect the values we hold as a nation and seek to create the greatest return for Australian industry, jobs and, in turn, society. Free trade agreements are vital to Australia's prosperity, but if we continue to elevate these agreements over our own national interest we will be risking even more than our flags.

Senator BACK (Western Australia—Second Deputy Government Whip in the Senate)

(09:50): Madam Acting Deputy President Boyce, I congratulate you on your last day in the chair. I also compliment Senators Madigan and Xenophon for the spirit behind the Flags Amendment Bill 2014, and the need and desire they have expressed to try to encourage more Australian manufacturing, and I am a hugely optimistic person when we consider this question. Whilst they have mentioned the flag, Senator Xenophon has quite correctly widened the discussion well beyond the flag, and I intend to do so in a few moments time.

As a member of the Defence family I obviously have a very keen interest in the flag, the integrity of the flag and everything that stands behind it, as I know the vast majority of other Australians do. This morning, in considering what I would contribute to this debate, I made email contact with one of my sons, who was a combat officer in Iraq in 2003 and was awarded the Distinguished Service Medal—the first lieutenant since the Vietnam War to be awarded a Distinguished Service Medal—and followed that up again with a distinguished deployment as a combat officer in Afghanistan in 2006. Indeed, he led American, Dutch and Australian troops. He now resides in the United States. I was very interested to get his take on this. I will quote a couple of his comments. You never know of your success as parents until you actually ask your children a question and get the feedback and then have the opportunity to consider the maturity of the feedback. Justin commented on the fact that our flag displays two symbols, and this, of course, is relevant to this debate. He said:

Our flag itself displays two symbols, the Southern Cross, which is widely regarded as a symbol of our region, our history, and our foreign relations. Australians, New Zealanders and others in our region use the Southern Cross for a wide variety of regional identity purposes.
He said it typifies our unity with and reliance on our friends and theirs on us. Of course, the other part of the flag is the Union Jack, and these were his comments representing the British Commonwealth:

Having begun as a British colony, we have grown as a significant Commonwealth member and as a leader in many multinational pacts, treaties and organisations. Again, this demonstrates our outward focus as an energetic, involved partner on the global scene.

He also goes on to make some comments about overseas trade that I will come back to. I thought he might have picked up on the military heritage and the pride of fighting under our flag, but he did not. He actually focused on Australia's role in the world and Australia's role in the region, and for that I certainly was very proud.

I, like everybody else, want to see the encouragement of more Australian trade, more Australian manufacturing and more opportunities as the world changes. I know Senator Xenophon and Senator Madigan—I know Senator Xenophon more than I know Senator Madigan—and I respect them both very highly. But they, too, both understand that we are an exporting nation. We export more than 65 per cent of what we produce and our wealth depends largely on two areas. One has been the supply of cheap energy, which has attracted so much business and manufacturing and other industries to Australia. The other is the strength of our relationships with our trading partners.

I want to reflect on some examples of where this is helping, has helped and will go on helping our relationships and our Australian jobs into the future. The first is a company of which I had the pleasure of being chief executive officer from 2000 to 2007. It is a Western Australian based company. Why do I make the point? Because that company provides very high-level hardware and, particularly, software to protect the integrity of the supply chain in the fuel industry. It is a company that provided services—and still does—to organisations such as Shell, BP, Esso and Conoco Phillips in Singapore, Malaysia and Thailand. For better or worse—and I think it was worse—I took the company into India with the Indian government owned fuel companies and also into the Middle East, where it is still very active.

The point I want to make here is that, because of the trade relationships between us and Singapore, this relatively small Western Australian company was successful in winning a contract with the Singapore Armed Forces to provide the hardware and the software that control the supply chain for their entire fuelling from their underground tanks right through to their military vehicles. That is not a bad effort for a company that is not a Singaporean company. I make this point because it speaks to the strength of the opportunity that results from our trading relationships with other countries. We did not have a free trade agreement at that time with Singapore, but I can assure the chamber that that led to an increase in employment here in Australia and in Australians having the opportunity to then go and work in these countries as we transferred technology that was Australian owned and Australian designed and of excellence. That is the sort of issue I want to put before the chamber today in this debate over the flag and the symbolism of what goes beyond it.

The second illustration is that excellent company Cochlear which, as we know, produces implants for different medical situations associated with hearing. These days Cochlear does manufacture in Australia. It is also manufacturing, I understand, in Sweden in Scandinavia. But their products were developed in this country, providing manufacturing opportunities, skills, training and employment. This is the type of area which I believe Australia needs to get
itself into very much more actively and strongly. With the deepest respect to the movers of the amendment bill, I say that these opportunities exist because of Australia’s relationship with its trading partners around the world, and I think there is enormous opportunity into the future for that to happen even further.

A third example is another Australian product in the health related areas. That is the product ResMed, which is an Australian designed product now globally available and manufactured here. It is a product for the treatment of sleep disorders. Acting Deputy President, I do not know if you suffer those problems—I probably should consult with your spouse—but sleep apnoea, as we know, is a very dangerous condition. Why do I say ‘spouse’? Because it is generally the spouses who grumble most and who drive their partners towards the sort of technology that this company develops. When I was residing in Tasmania—through you, Acting Deputy President, to Senator Urquhart—there was that terrible circumstance of a school principal, I think, who drove off the road between Launceston and Hobart back in the 1990s. I believe that particular accident did lead to some fatalities. It was then discovered that the person suffered sleep apnoea—am I not correct? I think I am, but I will stand corrected. ResMed is the sort of technology, again, that is Australian designed and Australian developed, and it is creating employment opportunities and, more to the point, training opportunities for new skills development as the world evolves.

The fourth example is CSL Limited, once known as the Commonwealth Serum Laboratories. As a mark of confidence in the expansion of that industry and its products and its services, only last month the new CSL Behring Biotechnology Manufacturing Facility was opened in Broadmeadows in Melbourne by the Hon. Ian Macfarlane, Minister for Industry, along with the Premier of Victoria, the Hon. Denis Napthine MP, and the Minister for Technology, the Hon. Gordon Rich-Phillips.

We all know the value of CSL in the world of vaccines, with Fluvax, for example, and the pioneering work they have done in the provision of blood products over the years. CSL provide plasma and vaccines both for human use and for use in my area of background, the veterinary world. The excellence of that company is there to see. As the CEO of CSL observed on the occasion of the opening:

This world-class facility is key to the ongoing success of our global R&D strategy and reflects our commitment to providing better treatment options for people who are managing certain bleeding disorders and other life-threatening conditions.

What pride do we in Australia have that our country is producing and has produced products and services that are so vitally important in the area of haemophilia?

**Senator Xenophon:** Mr Acting Deputy President, I rise on a point of order. There is a relevance issue. It is all very well and good to hear about cochlear implants and Australian manufacturing technology, but what relevance does this have to the subject of the bill, that Australian flags flown on top of Australian Commonwealth government buildings be made in Australia?

**The ACTING DEPUTY PRESIDENT (Senator Bernardi):** You have made your point. The point of order is on relevance, and Senator Back is very clearly explaining the proud tradition of Australian manufacturing and innovation. There is typically a free range and quite wide latitude. I am sure that Senator Back will be directly referencing the flags very shortly.
Senator BACK: I actually took my lead from Senator Xenophon when he widened the discussion, during his contribution, to matters well beyond the flag, where he was discussing the levels of protectionism versus the opportunities of free trade. If I recall correctly, Senator Xenophon spoke of free trade widely in his contribution. The points I have been making go to the value to Australia, and I am giving an illustration of the number of companies, products and services which are benefiting and have benefited from the wide trade distribution in our region and around the world.

I will conclude my comments on CSL with the observation that this particular factory, opened by the Hon. Ian Macfarlane, will be doing a lot of work in the development of blood-clotting factors—

Senator Kim Carr: How much money came from the Labor government for that?

The ACTING DEPUTY PRESIDENT: Order, Senator Carr!

Senator BACK: and the treatment of haemophilia. And I am absolutely delighted that my colleague Senator Carr has joined me in agreeing with the position that I am taking about the excellence of it. Who would not recall the book by Bryce Courtenay April Fool's Day, where he wrote so eloquently about his haemophilic son? At the opening of that laboratory in Broadmeadows, Mr Alain Weill, the President of the World Federation of Hemophilia, took part in the ceremony and made the observation:
The ongoing development of new and improved therapies for haemophilia couldn't be more important to the bleeding disorder community. It's very heartening to see CSL working with governments in Australia to invest in new technologies and facilities that may benefit people with haemophilia all around the world.

I think that is the important point that needs to be made in this debate.

I respect the fact that Senators Xenophon and Madigan have made the point about the use of Australian materials and Australian manufacturing in producing our flag, but, if the information that was given to me is correct, it is only contracts over $80,000 that have got to go to tender outside Australia. I learnt a lot as I read the transcript. Senator Madigan made the point, in response to answers given, that the existence of an ABN, an Australian business number, is not necessarily evidence that that is an Australian company. That is quite correct. I do not know how many contracts there are—maybe there are a lot—that exceed $80,000 and go onto the open market. I would have thought they would have been relatively limited in their scope, but I will stand corrected.

Naturally, one would always encourage that, where possible, Australian icons such as the Australian flag should be produced by Australian manufacturers using Australian materials, but, as I think I heard Senator Xenophon say, if those materials are not available, what do we want? Do we not want the products to be produced at all? I for one would always say very proudly that Australia and Australians should not be disadvantaged and should have the opportunity—and I believe they do have that opportunity—but I do not want to see restrictions limiting it to Australians, particularly if retaliatory action by companies in other countries means that we are then denied access to markets in our region and beyond our region.

In the few minutes left available to me, I want to go to the issue of free trade agreements. For those who had the opportunity to join with representatives of the dairying industry this
morning in the Mural Hall, it was a particularly interesting exercise. Dairying has been down in this country for some time, and we are now seeing a resurgence. I met with a milk production family in Manjimup in Western Australia's South-West on the weekend, and they told me that they are exporting directly now to the Singapore market. What is produced this morning is in the market in Singapore tomorrow. I just thought to myself, 'What a wonderful opportunity.' I was talking to a gentleman from Murray Goulburn about this question, and he made the observation to me that, as a result of the free trade agreement between New Zealand and China that was signed in 2008, the New Zealand company Fonterra now has 40 per cent of the fresh milk market in China. Think of the excellence of the marketers of New Zealand. Imagine a country that could take a product called Chinese gooseberries, rename them kiwifruit, produce them in New Zealand and then, under a free trade agreement, sell them back into the Chinese market. I think we have a lot to learn from that country.

I go again now to a Western Australian cooperative, Co-operative Bulk Handling, which is the large grain handling organisation with the biggest supply chain in Australia for grain. More importantly, because of our relationships with our trading partners, they now have grain mills, flour mills, in Vietnam, in Malaysia and in Indonesia. In fact, the mill in Indonesia is a fourth largest, I understand, in the world. That is an example of where we do not want protectionism; we want to be able to compete, in my view, out there on the world stage. We want Australian manufacturing to be excellent. We want participation. We want the opportunities for young people to be optimistic about these industries, to provide them with the skill sets and provide them with the employment prospects so that they can participate. To the extent that our Australian flag manufacturers can compete and can produce a product that we want, all well and good. But if it is going to mean that Australian skills development and jobs are denied because of retaliatory action then I for one have deep concern about that and would obviously like to discuss it further with my colleagues.

Finally, by way of examining the world ahead of us, Senator Xenophon made reference to Toyota, Holden and Ford. As a Western Australian, and with Senator Whish-Wilson in the room, I will make observations as a Western Australian about the GST and the contribution of the states. You and I were at a very interesting discussion between Darwin and Katherine just recently. I do not want this morning in the limited time left to me to comment on trade protectionism in the southern states, particularly Victoria and New South Wales, vis-a-vis Western Australia, but I do want to draw the attention of the chamber to the demonstrations given to us yesterday by the 3D company in which they were giving us examples of products being printed. They were telling me that in September this year at the car show in New York over the four days, using this technology, they are going to print a motor car and drive it away. They were telling me that experimentally they are already taking kidney tissue of people who are on dialysis and need kidney transplants, they are growing that tissue out and they will be printing new kidneys to go back into that same patient. It is their own tissue with no rejection, no immunosuppressant drugs et cetera. They were telling me of the instance where astronauts will not take tools into space; they will manufacture and print them in space. That is the world of the future for me. That is the world into which Australia and young Australians must go. That is where they must be trained. That is where their skills must be developed. Anything at all in my view that limits or puts a foot on the hose of that development in the future is not to our advantage.
Senator KIM CARR (Victoria) (10:10): This is a private senators’ bill which deals with questions of symbolism. I suppose in some senses the Australian flag is one of those great icons that are used to highlight a much broader symbol about the whole question of buying Australian. I would not want necessarily to suggest that in itself the Australian flag should not be subject to questions of debate as to what it should look like in the future, and that has been a substantial question in this country. But I think the issue is that the Australian flag itself as it stands represents a very important symbol for this country. The fact is that the flag flying over this building is currently an Australian made flag and I am firmly of the view that it should be an Australian made flag, and that is a decision that is made by government through public servants. The joint committee has made that decision at some point and that is why we have an Australian made flag flying over this building, and that is exactly as it should be.

The issue of symbols is quite important in politics. We can say without doubt that this is a government that does enjoy, as my colleague Senator Cameron has pointed out, wrapping itself in the flag but does not seem to care whether or not that flag is made in China. It strikes me that it goes to a much broader issue about whether or not we should pursue the question of made in Australia. I have long been a strong advocate for buying Australian. I have long worn the Buy Australian badge and participated in the campaign for Buy Australian. I have done so out of conviction that that is a very important issue for the future of this country. When I go into a store to buy a product, I ask where the Australian product is, and I have urged other Australians to do the same, because part of this question is about people demanding Australian made. It is all too easy for people to say, 'Look, it is cheaper to buy something from overseas,' rather than think through the implications of not buying Australian. When it comes to government, it seems to me that this is a basic issue.

Senator Xenophon has done me the credit of acknowledging my commitment to this issue and I appreciate his remarks. However, I would disagree with him when he goes to the point that the previous Labor government was tardy in this regard. I will defend strenuously the Labor government's record on pursuing the issues of buying Australian and particularly around the issue of procurement. Procurement is not something that only governments do, and so when we discuss the issue of procurement we also have to discuss how the private sector operates and understand the intrinsic links between procurement policy and industry policy. I put it in a more nuanced way and say that innovation is industry policy in the 21st century, so innovation policy and industry policies are very closely linked. That is all about building capabilities in this country. The whole point of industry policy is to ensure that we are able to develop those capabilities in this country so as to secure the high-wage, high-skilled jobs for Australians in this country. It is about intelligent purchasing policies that stimulate investment, that sustain industries and that actually nurture innovative small- and medium-sized enterprises in particular and also foster a competitive economy. These are not incompatible objectives.

Government procurement has a critical role to play in advancing Australian industry. If we take, for instance, the figures that I have here from 2012, the government was spending over $40 billion in acquiring goods and services through various tendering processes, and $18.6 billion of that was for non-defence arrangements. It highlights just how significant government purchases are in the market for goods and services in this country. I take the view
that policy has to be directed at the issue of how procurement is undertaken, not just in the
government but also in the private sector.

Senator Xenophon made the point that the Thai free trade agreement had been a disaster. I
hope I have not misrepresented him. In terms of the automotive industry, he is absolutely
right. Labor opposed that agreement. When I was in office I asked the department to tell me
exactly what had been the trade implications of that free trade agreement. I was advised, in
2010 when I asked them to do the figures, that there had in fact been a growth in the value of
exports from Thailand to Australia of a 287 per cent increase. It had started at virtually
nothing. In regard to exports from Australia to Thailand, they fell by 25 per cent. We had a
situation where the Thai free trade agreement had a profound significance on the Australian
automotive industry insofar as it did not deal with the issues of non-tariff barriers and allowed
discriminatory policies to be pursued which had devastating consequences for Australian
workers in this country.

Free trade theorists will tell us that Aussie firms have to compete in a open market and, of
course, that is true. But it is also true that the government purchasing and using its powers has
a leading role to play in the development of capabilities. This is not inconsistent with trade
agreements. The free trade zealots, often populating the other side of the chamber, will
suggest, as we have just heard from Senator Back, that there will somehow be retaliation if we
actually pursue a Buy Australian policy. They misunderstand the fundamental principles of
the provisions of the Australian procurement guidelines and our commitments under free
trade agreements.

Free trade agreements which we are currently entered into do not prescribe assistance to
small- and medium-sized enterprises. Free trade agreements which Australia is a party to also
allow for principles to be undertaken to actually assist with particular interest in Australia—
for instance, the purchase of motor vehicles. We all buy Australian-made motor cars, as
members of this parliament, through our procurement principles. We also have opportunities
to acknowledge that, when you enter into these agreements, the international trading
environment is not performed on a level playing field. It is a fundamental principle that you
have to appreciate. Of course, quite contrary to what the theorists would have us believe, you
have to acknowledge that governments around the world pursue a different approach to these
agreements than what is pursued in Australia. I say that the international procurement
policies, for instance in the United States, cannot be overlooked when it comes to the question
of procurement policy in our country.

Senator Xenophon, let me remind you that in terms of Labor's record we understood and
appreciated, because it was not a level playing field, that we had to introduce—and we
mandated this—Australian Industry Participation Plans for the private sector for projects over
$500 million. We undertook to ensure that domestic projects worth $500 million or more had
to demonstrate what commitments were being made to the Australian supply chains. If they
did not, they were not able to get access to tariff concessions that were in operation. Large
projects worth $2 million also had this provision applied with the Enhanced Project By-law
Scheme to ensure that the global supply chains were also recognised. We implemented
mandatory Australian Industry Participation Plans, not just for the private sector, but also for
the government sector for purchases in excess of $20 million. We introduced projects which
led to the additional investment, in terms of economic activity, of somewhere between $1.6
billion and $6.4 billion worth of additional work for Australian firms. Labor also ensured that the Australian Industry Participation Authority oversaw these changes, raised the profile of these activities and coordinated opportunities, on top of what we did for the ICN, to ensure that people were aware of the industrial capabilities that were available. We established the Buy Australian at Home and Abroad program within the Department of Industry.

We established suppliers advocates within the Department of Industry. We ensured that advocates in the steel industry, in rail, in water, in clean technology, in resources, in ITT and in the TCF sectors were appointed to actually promote Australian industry capabilities and to provide that liaison between Australian firms and the procurement officers within major projects. The steel industry was one where there was substantial work undertaken. Of course, we had to ensure that the procurement principles for our resources projects were able to be pursued. I acknowledge that this was a substantial area of market failure, and that is why governments have to intervene. You have to acknowledge that the market has to be there to serve people—and not people there to serve the market. This was a classic case of market failure but we did so on the basis of making economic sense and applying principles so that supply chains could ensure that there was value for money while developing capabilities.

The truth of the matter is that none of these schemes are perfect. None were without criticism and none could not have been improved further. But it is unfair and wrong to say that nothing was done about these matters to deal with international trading pressures in terms of advanced industrial countries such as ours and the pressures that are being placed on our manufacturing sector. It would be helpful, I would have thought, for those in this parliament to actually acknowledge that other countries, like the United States, have a very different attitude to these procurement questions from what has been experienced amongst the financial press in this country and from the Liberal Party itself.

When we talked about the steel industry I at no point supported the issues of mandating of pricing or mandating of particular firms that had to be used, because we had to ensure that the supply chain development was not based on the principle that we could allow for price gouging or featherbedding of the industry itself. That is why the $300 million Steel Transformation Plan introduced measures to encourage investment and to help the industry transform so that it could compete more effectively and deal with the in-built biases against Australian firms.

When it comes to industry and procurement policy, we have to ensure that we do strike that balance. We have to ensure that the balance that allows Australian firms to be able to compete, to be given the opportunity to compete, is protected. I make the assumption that this is based on a fundamental principle about what sort of society we want to be. What sort of country are we seeking to achieve? If you think this is going to be a country of cappuccino makers and burger flippers, or that we live a life on the beach or in a quarry, then you are making a fundamental mistake about what this country is capable of and a fundamental mistake about the economic opportunities that you are opening up for this country—or, more importantly, closing off. That is the issue that strikes me as so important when it comes to the question of industry policy and innovation policy.

I am particularly concerned to ensure that we are able to secure programs which, I might add, the current government is in the process of systematically destroying. The Abbott government has ripped $82 million out of the Australian industry participation measures. This
is a government that is systematically destroying the Buy Australian at Home and Abroad campaign. This is a government that is walking away from tens of thousands of jobs in the automotive industry, the textile industry and the steel industry. This is a government that is doing all it can to gut the programs through the industry department. For instance, we have seen: the destruction of ARENA; the dismantling of Commercialisation Australia; the destruction of the commercialisation committee, the innovation precincts, the venture capital programs and the TCF programs; and $620 million cuts to the R&D program. These are all measures that build capability and allow Australian firms the opportunity to compete, to attract new investment and to attract the high-skill, high-wage jobs. In the vocational sector we have seen the same pattern of mindless destruction being pursued by this government to destroy people's capacity to be skilled up to compete in a 21st century world.

It strikes me as pretty clear that, when it comes to industry policy, supporting Australian jobs and backing Australian firms, this government is incredibly short-sighted. It is driven by an ideological obsession because of its domination by North Shore Sydney and the merchant bankers' view that this is a country that should allow our manufacturing industry to be someone else's problem—because it is really in the business of exporting jobs. That is what we are really good at under this government: exporting jobs.

This bill is an opportunity for us to pursue this question. I have long worn the 'Australian made' badge with pride. I firmly believe that Australian purchasing policy has to be about making sure that we develop products, develop Australian capabilities, encourage Australian investment and secure high-wage, high-skill jobs for this country. The government must not be interested in just a narrow view of what these principles mean. I am firmly of the view that we must be interested in price. We must be interested in the question of value for money. We cannot dismiss these principles. They are fundamental to procurement policies. But the question of price goes much, much beyond just the value-for-money argument as it is narrowly seen. It is about: encouraging competitiveness; encouraging non-discriminatory processes against Australian firms; using Australian Commonwealth resources in an efficient, effective, economical and ethical manner; transparency and accountability; and building the Australian economy. In short, value for money goes much further than just the lowest price. It goes to the fundamental long-term price of a product, the replacement value.

The case of the slouch hat is an example that I want to draw to the attention of the Senate. Under the Commonwealth procurement guidelines—I am very proud to be able to say this—I was able to work with Jason Clare back in 2012, the then Minister for Defence Materiel, and to announce that Akubra hats and Mountcastle had been selected to supply hats to the Australian Army and the Australian Air Force for the next five years under an offer of a $2 million contract. There are provisions within the existing guidelines to secure the production of iconic items such as the slouch hat. We have the capacity to do these things within the existing guidelines if we have the political will to ensure that we actually move to defend Australian jobs and defend industrial capabilities in this country to allow us to effectively compete in the international market.

The question of procurement within free trade agreements has to be faced up to squarely. It has to be looked at in the same way as the Americans understand it—we have to be able to find a way to ensure that procurement policy serves the interests of Australia and serves the interests of both the public and private sectors by securing industrial capabilities in this
country. Labor are very much in the business of fighting for Australian jobs, and we have a very strong preference for backing Australian firms. Our record is crystal clear. For these reasons we think we have the capacity to secure the future of manufacturing, despite the international pressures and despite the enormous difficulties we face, if the government is committed to work in partnership with Australian industry to secure the future of jobs in this country.

Senator MADIGAN (Victoria) (10:30): Three little words: 'made in Australia'. In many ways they go to the heart of our economy and the wellbeing of our country. Those words impact directly on jobs, on our families and on our communities. They are the key to this country's economic health. In the not-too-distant past, those words were a badge of honour—we would speak them with pride. It is extraordinary that we are here today to fight for these three words in relation to one of our most potent symbols. The Flags Amendment Bill 2014 is legislation that is simple and logical. I would hope that most parliamentarians would be embarrassed to vote against it. The bill comprises seven pages, and the amendment circulated by Senator Xenophon states:

The Commonwealth must only fly, use or supply a designated flag if the flag was made in Australia.

Pretty simple? Pretty agreeable? We will see what happens. In the past, the Department of Parliamentary Services has been constrained to procure flags in accordance with the Commonwealth Procurement Rules. The rules are: value for money; encouraging competition; efficient, effective, economical and ethical procurement; accountability and transparency; risk management; and procurement method. I would now like to take the opportunity to address some of these rules. I will outline why this bill promotes the spirit of these rules and why, therefore, it should pass.

'Value for money' is an elusive phrase open to interpretation. However, it need not be. Value for money is knowing when you buy an Australian-made product it is of good quality. Value for money is knowing that almost every dollar spent on that product will find its way into our economy and will not simply be spent overseas. Value for money is knowing the employees who made that product have superannuation, pay income tax, and receive sick leave and annual leave. These are all the rights of workers enshrined in this country that we continue to fight so hard for. Value for money is knowing that the product you buy provides those within your own community with a job, through which they are able to share the tax burden with you. So value for money is hardly just a cost or price. It is a much more intrinsic concept than that. Requiring the Commonwealth to purchase Australian-made flags is very good value for money.

On the topic of encouraging competition, in Australia we have a number of flag manufacturers who are capable and competent at what they do. The flags they make are of the highest standard. These flag manufacturers compete with each other every day on a level playing field to win new tenders. When the Commonwealth buy flags from overseas, we are not encouraging competition—we are simply encouraging annihilation. As good as our companies are, the fact remains that Australia has good standards for our workers which we want to maintain.

Efficient, effective, economical and ethical procurement is the next point. I spend a lot of time visiting factory floors across the country. It is my passion. I can say that almost 100 per cent of the manufacturers I see are efficient, effective, economical and ethical. If they were
not, they would not still be in business. This bill is about taking pride in our nation, taking pride in our nation's workers and their abilities, and, ultimately, taking pride in our flag. It is about being fair. Mr Wayne Gregory of Carroll & Richardson Flagworld said during the committee process:

… while the Commonwealth procurement rules seek to be non-discriminatory, in reality they offer a free kick to many importers. We do not compete with overseas suppliers who want to sell here; they sell through local importers. Obviously, the manufacturer overseas does not have to comply, so it is not a level playing field with regard to legislative requirements, regulations, standards, fair work, income tax, payroll tax, superannuation, and occupational health and safety. Clearly the local importer has to, but the local importer may well be two people and a little factory out the back.

I could not have said it better. It is astonishing that, while the government tender documents refer in black and white to employees' rights in relation to freedom of association and the right to representation at work, including that the tenderer allows its employees to be able to make a free and informed choice about whether to join a union and be represented at work, those provisions do not apply to overseas based suppliers. But it gets worse. Carroll & Richardson told the committee that the Commonwealth government was its most difficult customer on the issue of Australian-made flags. Everyday Australians understand the benefit of buying Australian made. They do not need purchasing guidelines, fancy graphs and statistics to know that, if you buy local, you are making Australia a greater place. But, for those in government, this concept seems too difficult to grasp. This bill with the amendments circulated by Senator Xenophon is what Australian industry needs right now. This bill is a turning of the tide in practical recognition of the importance of the Australian manufacturing sector. This bill is a pivotal opportunity for all senators who believe in the importance of the Australian manufacturing industry—for all senators who often talk about how they believe in the Australian manufacturing industry—to vote in favour of it and not just talk about it.

Of course, there is one final aspect to this issue, and that is the power, purpose and meaning of the Australian flag. This is our symbol under which Australians have fought and died. It adorns the coffins of those who have made the ultimate sacrifice, and it flies above the parliament as an enduring symbol of the Australian values of freedom, democracy and a fair go. Actions speak louder than words, and I challenge the senators in this place to vote in favour of this bill with our amendments.

Earlier in the debate Senator Back spoke about how we sold our gas in free trade agreements. Currently, our manufacturers and our domestic consumers—mums and dads and pensioners—are facing ever-increasing gas prices because when a previous government, the Howard government, negotiated these forward contracts on our natural gas, we did not keep a domestic gas reserve for our industry here in Australia or for domestic consumption by our people. Now we have a gas crisis on the eastern seaboard, as well as a crisis with people who are very concerned about coal seam gas and fracking. Yet we have our own Australian gas that was not brought about by those means, and that is now all going offshore. But we do have a crisis: companies like Viridian Glass in Dandenong South are paying ever-increasing prices for gas, which is one of their major inputs into the manufacture of glass. They are under enormous pressure; they employ hundreds of Australians to make glass ethically in this country to Australian standards. One does not have to go too far from this place to see glass that is brought in from China, where they do not pay WorkCover or superannuation. They do not provide a safe workplace; they consume people to make a product. Some people in this
place talk about level playing fields, but that is an absolute fallacy. And all the while, Australians are losing their jobs, their homes and their ability to look after their family and their friends. Communities around this country are being devastated while successive governments of all persuasions have sat on their hands. Go out and tell it to the people in Western Sydney and to the people in Broadmeadows. Go out and tell it to the people in Spotswood and Geelong, where their lives have been turned upside down. These people want to contribute. They want to pay tax. They want to contribute to our nation's future. As I said in my maiden speech to this parliament, the great economies of the world manufacture. A country is what a country makes. The great economies have strong manufacturing sectors. They do not survive by simply digging holes in the ground or turning their country into a nation of drink waiters or educating their competitors on how to bury them.

Senator RUSTON (South Australia) (10:42): I too rise today to speak on the bill from Senators Xenophon and Madigan in relation to the National Flag Act 1953, requiring that Australian flags flown, used or supplied by the Commonwealth be manufactured in Australia from Australian materials. Like the two senators, I am a very proud Australian and I certainly believe that the responsibility of government is to support Australian businesses and manufacturers to ensure we have the best possible opportunity for the future of our country.

Before I go on to discussing the bill specifically, I will share some research I did before speaking this morning. I thought the best thing for me to do was to look at a little of the history of the Australian flag and, regretfully, I must admit that I was quite ignorant about its development. Apparently in 1900 the Melbourne Herald offered 25 pounds—which is about $3,000 in today's terms—for the design of a national flag for Australia. They stipulated that all entries had to include the Union Jack and the Southern Cross on the flags. At a similar time another publication, the Review of Reviews of Australasia, also held a competition that did not require inclusion of the Union Jack and Southern Cross—it was an open competition. Following Federation, the British government requested that the Australian government design a new flag, and so an official competition—separate from the other two—was held and received more than 32,000 entries. The really extraordinary thing was that, from all of the competitions, the five entries that were eventually selected were almost identical, with only very minor differences. The winners included, amongst others, a 14-year-old Melbourne schoolboy by the name of Ivor Evans, Lesley Hawkins, a teenage optician's apprentice from Sydney, and William Stevens, a ship's officer from New Zealand.

There was quite an interesting comment in The Bulletin at that time. I hope the chamber will indulge me in relating their fairly strong words. About the winning flags, The Bulletin commented:

… no artistic value, no national significance … Australia is still Britain's little boy … that bastard flag is a true symbol of the bastard state of Australian opinion …

I thought that was quite extraordinary, given that it was published back at the turn of the 19th century—not the 20th, the 19th.

The design was basically seen as the Victorian flag with a star added. The New South Wales government immediately objected to that, of course. They said, 'We are not having a national flag that looks like the Victorian flag.' On 3 September 1901, however, the flag was unfurled for the first time at the Royal Exhibition Building in Melbourne. That date, 3
September, is apparently now Australian National Flag Day, not that we necessarily celebrate it.

Senator Brandis: We do.

Senator RUSTON: Senator Brandis has just advised that we do celebrate it.

Senator Brandis: Mr Allan Pidgeon ensures that we do.

Senator RUSTON: Mr Allan Pidgeon, I am being advised, is responsible for it—so there you go.

King Edward VII approved a slightly altered design in 1903. This included the seven-pointed stars of the Southern Cross—except the smallest—and the six-pointed Commonwealth Star, also called the Federation Star. Soon after, in 1909, the Commonwealth Star was changed to a seven-pointed star to represent not only the six states but also the territories. That was a little bit of history about our flag which I thought was tremendously interesting.

Returning to the bill—I too believe that the Australian flag has tremendous significance and importance for Australia. As Senator Madigan points out, soldiers who lose their lives in battle representing this country are returned to Australia with their coffins draped in the Australian flag. We fly a huge Australian flag above this building to represent the significance and importance of this parliament, as do the parliaments of the states and territories around Australia. It is interesting to note that the designs of the state flags are all derived from the national flag, but the flags of the territories are not. They do not have the Union Jack on their flags.

One of the things that popped into my mind when I was looking at these issues relates to the fact that the Australian flag has the Union Jack. The Union Jack comprises the crosses of Scotland, Ireland and England. In September this year, a referendum on Scotland's independence is being held. Should the vote be in favour of independence, it will create an interesting issue for all the countries around the world that include the Union Jack on their flag. All of a sudden the Union Jack may lose the Cross of St Andrew, which is the white cross on the Union Jack. What will happen to the flags of the world should the referendum be successful? All the research suggests that there is every chance that the referendum will be successful.

Senator Cameron interjecting—

Senator RUSTON: Senator Cameron is here. Perhaps he will wax lyrical some more about the Scottish referendum in a minute.

Returning to the issue of the purchase of Australian flags—I think everybody in this place would be delighted if it were possible for everything to be purchased within Australia. But the cold hard facts of the matter are that, whilst the Australian government has a level of discretion in its spending, the taxpayers of Australia elect governments, first and foremost, to spend taxpayers' money in the most efficient and cost-effective way possible—to obtain value for money for those taxpayers. In some instances, that will require procurement of items and goods that are not manufactured in Australia. Reducing the costs of doing business in Australia is one way of dealing with that, but we also need to be very careful that we do not provide artificial protection for Australian companies. We want them to become competitive in the international marketplace.
I am sure this has been said before this morning, but Australian suppliers are very well represented in Commonwealth procurement. My understanding is that, in the 2012-13 year, Australian suppliers were contracted to provide 82 per cent—by value—of the goods and services purchased by the Commonwealth. That equates to $32 billion of the overall $39.3 billion spent by government on procurement. So it is obvious that the Commonwealth government is a very big consumer of Australian manufactured goods.

We also need to remember that we operate in a global marketplace and that we are signatory to a number of international agreements with provisions relating to procurement. The international procurement framework under which the Australian government has agreed to operate has certain requirements relating to fairness of trade—in both directions. Failure on our part to meet these international obligations could entail significant risks for Australian exporters.

As you well know, Mr Acting Deputy President Sterle, from our work in the Rural and Regional Affairs and Transport Committee meetings, there is constantly debate on the issue of protection versus free trade. I know we discuss it, more often than not, from the biosecurity perspective. I think you and I are as one in that we believe that biosecurity should trump free trade every time. We can justify that on the basis that a biosecurity incursion would destroy the industry.

But the reality for Australian manufacturing, production, trade, primary producers and, as Senator Madigan points out, mining is that it is a two-way thing. If we start putting up barriers to trade for imported products into Australia, we can almost immediately expect that we will have retaliations from those countries to which we export. The wisest words I heard recently in relation to the free trade space is that Australia will not get rich selling to itself; Australia is only going to get rich by selling to the rest of the world.

We need to undertake this debate today in the context of what is in the holistic best interests of Australia. I do have a level sympathy for the argument put forward by my colleagues Senator Xenophon and Senator Madigan. We have a very emotional connection to our flag. But I think the most important thing that we can do for Australia and Australians is make sure we have a strong and vibrant economy. I fundamentally believe that the way we will have a strong and vibrant economy in Australia is by creating export opportunities.

The cold, hard reality is that, with the size of our country and the things that we do so well being agriculture, mining and advanced technologies, we can only survive in that space by exporting. Our population is way too small not to. Resources, particularly water, prevent us from having populations like that of the United States, Europe and Asia, and we do not want to end up with all the issues that come with expanded populations. We are by our very nature an exporting nation. All that putting up potential barriers that are not able to be justified by biosecurity would serve to do is put at risk the millions and billions of dollars that we receive from our trading partners.

I am not able to support the idea that we should be forcing people to buy Australian in the same way that I do not believe we should be artificially propping up industries in Australia, because propping them up does have the potential to weaken them. The fact that Australia's procurement framework is nondiscriminatory is well supported by the argument that as an exporting nation we have no choice whatsoever but to accept that the net result has to be what
we are looking at, not necessarily picking off bits and pieces along the way because of emotional attachment.

Before I conclude, I would like to put on the record the fantastic opportunities that the new free trade agreements that have been signed with Japan and South Korea provide for Australia, particularly my home state and the home state of Senator Xenophon, South Australia. We are a state that have not been doing quite so well in recent times. I am not even sure that we are not below Tasmania on some of the economic indicators. We are doing it pretty tough at the moment in South Australia. We have an economy that has largely been dependent on agricultural exports and mining exports. These have not been faring so well, particularly because of the barriers to trade with certain trading nations. The opportunities are huge if we can get rid of these barriers.

I draw your attention to an example. The gross tariff for Australian wine into China at the moment is 43 per cent and yet one of our competitors coming out of South America, Chile, have already established a free trade agreement with China which means that they can send their wine in with no tariff whatsoever. The minute we put a pallet of wine on a ship to send to China we are already 43 per cent behind Chile, who have a number of advantages over Australia because their costs of production are very low in comparison to ours. But because we make great wine and are very efficient wine producers we remain an aspirational wine-producing country, particularly when it comes to exporting into Asia. If we could get rid of that 43 per cent barrier to our wine the opportunity for Australia and particularly for my home state of South Australia would be huge.

The agreements we have in place with Japan and South Korea have started. We are seeing a sliding scale of tariff reduction for our horticultural products into both of those markets. I also note, once again, that Japan is currently the largest export market for citrus from Australia. It has overtaken the USA as our biggest trading partner in the citrus space. But the opportunities for us to go into China are absolutely massive.

You will be well aware, Acting Deputy President Sterle, that one of the barriers that has prevented us from exporting into China is our fruit fly situation. Certainly investing in eradicating fruit fly in Australia would provide us with one of the most massive opportunities for our horticultural industry in China. I for one am certainly looking forward to seeing the progression of other trade arrangements around the world because I fear that, unless South Australia can get some increased market access into these countries, our economy will be in a very perilous state.

I say that in the context of the bill that has been put forward by Senators Xenophon and Madigan. I know that it is a very small component of trade arrangements for Australia to request that flags that are flown by the Commonwealth be supplied and manufactured in Australia. But I think we need to realise the bigger picture and the consequences if we ever had a situation, as small as it might be, with one of our big trading partners saying, 'Hang on a minute, we are not going to remove a trade restriction or barrier to Australia simply because you have done this.'

Wherever possible it would be fantastic to be able to purchase our Australian flags from Australian manufacturers, and I am sure many of us seek to do so. But if that one decision, or another decision of a similar size, prevented the furtherance of trade arrangements or gave one of our trading partners an excuse to actually apply some trade restrictions to Australia, that
could have absolutely devastating effects for Australia. There is no doubt that I am absolute advocate for free trade, because I believe it is in the best interests of Australia.

I would respectfully suggest to those who are putting this forward that the best thing and most productive thing that we can do to look after the people who Senator Madigan was so passionately advocating on behalf of—those from Western Sydney, those working in Australian manufacturing—is to make sure that we have a robust economy that that is growing and prospering. Whilst I am sure others in the chamber will not necessarily agree with the way that this side of the chamber is proposing to achieve that robust economic growth and to look after our economy, I think we all have to agree that the best thing for Australia is an economy that is growing, so that we are a prosperous nation and that we maintain the economic powerhouse that this country can and should be into the future.

**Senator CAMERON** (New South Wales) (11:02): Acting Deputy President Stephens, can I just indicate publicly that I want to thank you for all your time in the chair that you have had over the years. You have conducted yourself extremely well as a senator over many years. This may be one of the last times that you are in the chair. On behalf of myself, could I add to the very good views that were taken of your contribution to this place over many years. Thank you very much for the work that you have done.

If I could come to the bill: I thought Senator Ruston started off pretty well in her contribution, but it rapidly deteriorated towards the end of her contribution. Twenty minutes is a long contribution, Senator Ruston. You valiantly battled your way through the 20 minutes, but I think some of your conclusions at the end of the 20 minutes go to the issues I think that Senator Madigan, Senator Xenophon and many on this side would absolutely oppose in terms of the advocacy that you are putting up.

Let me say that I understand the symbolism of having an Australian-made flag and I understand the symbolism of having crockery in the dining room that is Australian made, but these are symbols. What I had been doing personally—as the national secretary and also the assistant national secretary of the AMWU over many years—was to try and ensure that we were not about symbolism; we were about creating jobs in the manufacturing industry of this country. I think when I look back at my career I will say that is one of the big failures of my career. That is because jobs in the manufacturing industry—in the textile, clothing and footwear industry and in the car industry—are all now disappearing. I think we will be a poorer country for it. Not being able to make an Australian-made car in this country and not being able to have the goods to produce the crockery or the flag will always be an issue.

One thing I do not agree with, Senator Ruston, is this apocalyptic view that if we actually say that we are going to make our flag in Australia and it is going to be an Australian-made flag then there is going to be a catastrophic response from our trading partners and the issue of trade will become a huge international problem for Australia. That is patent nonsense. Let me tell you, the big issues for the agricultural sector are not with what this bill would do; the big problem is the statements made by the Attorney-General in relation to the occupied territories in East Jerusalem. They are the big issues for us in trade at the moment, not what is happening if we make a flag in Australia. It is the ill-thought-through and ignorant approach of the coalition in trying to deal with the huge issue of Palestine and the effects that would have on our agriculture and farming community being able to continue exporting to many countries in the Middle East and elsewhere. That is the big problem, not whether this bill
would have a cataclysmic response from the United States or anyone else in terms of our trade position.

Senator Xenophon describes our approach as being the free-trade Taliban. We are not quite the Taliban, but we are free-traders of some ideological purity. We do seem to say in this country that we must set an example on trade, so we will unilaterally disarm our industries' capacity to procure within Australia, to service Australian industry. This is because of an ideological purity, more so on the coalition side. We heard it from Senator Ruston, who was lauding the so-called free trade agreements that the government has just signed. We have not got one free trade agreement in this country—and this is the issue. We talk about free trade but what we are negotiating are bilateral preferential trade agreements. This means it is an agreement between us, as a country, and another country, and we preference our goods between each other. They are not free trade agreements, and I have argued this within the Labor Party.

I have argued on the conference floor of the Labor Party that bilateral agreements will not work in the long term. If you want the benefits of so-called free trade, they have to be multilateral trade agreements and everyone has to be playing by the same rules. We are not playing by the same rules. I agree with Senator Madigan: there is no fairness in this free trade approach. These bilateral preferential trade agreements simply mean that you are dismantling some impediments to trade with an individual country. And there is another theory out there that I think is being seen in practice called displacement. When you do that, you simply displace another country from activating their trade with that country and, at best, you simply increase the trade between the two countries that sign the agreement, but trade diminishes in a third country. There are all of these arguments going on about trade.

I think it is proper that Senator Xenophon and Senator Madigan raise these issues. I have been raising these issues in the public arena in this country since, I think, 1998. I have been raising concerns about manufacturing jobs and the problems with the so-called free trade agenda in this country. In 1999, I was the only representative of a non-government organisation to attend the WTO in Seattle. I was the national secretary of the AMWU at the time, and I argued to my council that this was a big issue and that we had to understand what was happening in the rest of the world with WTO agreements and the implications they would have for manufacturing jobs. The Seattle WTO is renowned for the violence that took place in the streets there and the focus it placed on some of the smaller countries who felt that their individual economies were being opened up to big multinational, mainly agribusiness, companies coming in and demolishing some of the smaller agrarian economies that had been built within developing countries. They were not agreeing to just opening themselves up to the free trade approach that was being promoted. Ever since then, it has been almost impossible to get a proper approach on a multilateral trade agreement anywhere in the world, and that is because small countries are disadvantaged.

When I was in Seattle, the complaint being made by some of the small country representatives there was that they were coming to these multilateral agreements in Seattle, which were being held at the peak level of diplomatic and economic negotiations, and they did not have an economist, an adviser or anyone who could help them get a decent deal. One of the issues that has been made clear from trade negotiations is that the big country always has the power. The big country has the negotiating tools, the negotiating muscle, the
negotiating competence to do over the smaller countries. In Seattle, the small countries said: 'We are not going to be in this anymore. We do not want agribusiness coming in here and demolishing our capacity to feed the country, to build our agricultural industries within our country, to the best that we possibly can.' It is 2014 and we are still running around signing crook so-called free trade deals with other countries and coming in here and lauding those agreements as being so fantastic that you just cannot walk away from them.

I know that Senator Xenophon wants to focus on the bill, but I think this bill is about symbolism. I think the bill is about opening up the broader debate on these issues, and I congratulate Senator Xenophon and Senator Madigan for doing that. As I said, I have been doing it since 1998 and maybe a bit before then, because we were concerned about it. I went back to a 2004 document that epitomises the issues that we are trying to deal with here. This 2004 document is from the Centre for International Economics, the CIE, who did the econometric modelling and the analysis for the AUSFTA—the Australia-US Free Trade Agreement. When you look at what is in this document, you think: what happened? This analysis was done just after the agreement was negotiated. They said, 'Here's our analysis on the basis of what this agreement says and what it is going to mean for Australia.' They stated:

A decade from now the most probable effect of the Agreement on Australia's real gross domestic product is an increase of $6.1 billion per year, or nearly 0.7 per cent above what it might otherwise be. Absolute rubbish—never happened, never likely to happen. Yet that is what the public was sold in 2003 and 2004 when the former Howard government was negotiating a US bilateral agreement. We could not even get sugar in at that time. We could not even get an agreement. We were the minnows up against the sharks and we were gobbled up in that agreement. The US manufacturing industry were calling it the manufacturing trade agreement, because they knew that the US manufacturing industry would make significant gains out of that US free trade agreement.

We were being told at the time, 'Look, you might lose a little bit here, but you will gain much elsewhere. One of the big issues that you will gain from is your capacity to access the US procurement program, one of the biggest procurement programs in the world. Once you get access to that procurement program, you watch your manufacturing industry take off. You watch all the benefits that you are going to get.' These were all modelled, with different types of models, and the modellers that were being paid by the department, by the government, were all saying, 'This is what's going to happen.' Well, it was all rubbish. All these years down the track, nearly 10 years down the track, it has not happened.

The CIE report said that this was 'the most probable effect'. 'The most probable effect' means that they did not really know. They thought it was a probability that this would happen. They talked about the usual caveats being put into the model. Those usual caveats are that if you put rubbish into the model, you will get rubbish out of the model. They went on to say in their report that we would be so well off under this agreement that there would be immediate benefits, but there would be immediate costs. Well, there were the immediate adjustment costs, as they are described, and jobs were lost. The US manufacturing industry actually gained jobs. We got negligible access to the US procurement program. I had been warned that this would happen. The Canadian Auto Workers union, who had a close relationship with the AMWU at the time, and still has—

Senator Ian Macdonald: Of course!

Senator Ian Macdonald: Of course!
Senator CAMERON: Of course we have a good relationship with workers around the world, Senator Macdonald—that is a good thing. Some of their experts had a look at the NAFTA agreement in the US. Their economists had analysed all the arguments that had been put forward for NAFTA to see the benefits that would apply in Canada. They concluded that it was just a con job; it was not going to happen. They told us that the Canadian manufacturing industry—which was on the doorstep of the United States—could not access the US procurement program. At the national secretary of the union, when I raised this with departmental officers in Australia and with the minister, I was told: 'You're wrong. It's all going to happen. It's going to be so good. It's going to be great agreement. It's going to lift everything in terms of economic activity in Australia.' Nine years down the track, we know that that is a crock. We know it has never ever happened.

The CIE analysis went on to say that there would be large gains in New South Wales and Victoria. The report stated:

The only significant limitation on the benefits of the Agreement flowing from the rules of origin—
I will not go into rules of origin here, because it is so complex that you would need 20 minutes to even touch the base—
is that it may preclude over 90 per cent of textile and wearing apparel products from Australia receiving preferential tariff treatment on entry into the US.

What we are trying to protect now is the textile and clothing industry. Back at the time of this 2004 agreement, even the government's analysis said that the textile and clothing area would not get any preferential treatment through this agreement with the US.

The CIE also went on to talk about the dollar and what the dollar would do. They were arguing that there would be benefits for Australia because of our relative lack of strength against the US dollar. It would help us export. But what happened in reality? Our dollar went through the roof. Every analysis that was made by CIE has been clearly proved to be wrong.

It is not only me and other people saying that. Back in 2004, the New York Times stated:

The deal with Australia is a huge setback in the process of liberalising global agricultural trade.

... ... ...

The agreement sends a chilling message to the rest of the world.

Even then New York Times thought it was a crock at the time.

A study undertaken by the IMF:

... found that a free-trade agreement with the United States would shrink the Australian economy by 0.03 per cent per year and increase the bilateral trade deficit.

So when I hear people like Senator Ruston come in here with all her good intent, it is quite clear that the arguments that are being put up a false; the arguments are wrong. I have argued this for many years. We have got a very comprehensive trade policy in the Labor Party. We take the view that there should be checks and balances, that you should not simply run in and do these deals that do not deliver for the Australian public, that do not deliver for agriculture, that do not deliver for manufacturing and that cost jobs. That is ideology, not the reality.

Senator IAN MACDONALD (Queensland) (11:22): It is always a pleasure to follow Senator Cameron in any debate. This one is no different. We are talking about our relationships with other countries, and I should say to the chamber that you are all lucky that
Senator Cameron and I are both here today taking part in this debate after last night's Scottish dinner, which was a wonderful success. I have to say to the chamber that I wronged Senator Cameron in a speech that I made yesterday when I was praising him and his predecessor, Senator George Campbell, as being Scottish-born Australians who have graced this chamber. My further research has suggested that Senator Campbell, whilst a great senator, was not actually Scottish-born but—heaven forbid—Irish-born! With that correction on the record, I want to turn—

Senator Cameron: Of Scots descent!

Senator IAN MACDONALD: Well, all from Gaelic origins, Senator, you are right. Talking about other countries brings me back to the subject of the debate before us this morning. I congratulate both Senator Xenophon and Senator Madigan for raising this issue. I know it is an issue they both feel very strongly about.

As well as that, I muse to myself—with no disrespect to Senator Xenophon—and understand why he does so well electorally in South Australia. This idea of having Australian flags only made in Australia is—I will not use the term 'populist', because that has connotations—one that most Australians would like to think happens. If you go around the streets and say, 'Here's an Australian flag that's made in another country. What do you think of that?' Most Australians would say, 'Isn't that awful.' I can understand that Senator Xenophon captures the spirit of what many of his electors in South Australia would say—and I think most would if that was the only question that was asked of them.

If you said to my sugarcane farmers or my cattle producers in northern Australia, 'Look, fellas, I know you sell most of your produce overseas, but the people we buy from overseas are going to put a ban on our cattle and sugar coming into their country because they want beef and sugar in their countries only to come from their own country,' Australia would lose the sugar and beef industries. So the whole issue, when you talk about trade matters, is not what Australia misses out on but what we achieve by the freest possible trade. I have even cane farmers coming to me saying, 'We should only be buying Australian tractors.' I say, 'Well, that's great, but who's going to buy your sugar?' If we import our tractors from the United States, Japan, Korea or China, say, and we suddenly say to them, "Sorry, no more of your tractors, because we only want to buy Australian tractors," what are they going to say? They are going to turn around to us and say, "Well, thanks, fellas, we've enjoyed your sugar and meat, but, sorry, no longer are we going to take your sugar and meat, because we want to do what you're doing. We only want to buy things that are made in our own country." That is a simplistic way of addressing the issue here.

We would all like to see a significant, vibrant Australian manufacturing industry, but we have to trade as a nation to exist. We will always grow more sugar and beef than we can ever consume. Unless we have the freest possible trade around the world then our sugar and beef industries—and consequently most of northern Australia—will fold. The same applies to many of our agricultural products in Australia. We exist because we are able to trade. Unless we can trade, many of our primary industries will wither and die. That does not mean to say that we cannot have an Australian manufacturing industry that succeeds on its own merits, but the first thing we have to do to get a decent and profitable Australian manufacturing industry is to get off the Australian industry some of the imposts that Australian governments have put on our industry.
I sit day after day in here with Senator Kim Carr, a former industry minister, complaining about industry leaving Australia. One of the greatest reasons for industry leaving Australia in the last few years is the impost put on our industries in Australia—in particular, the carbon tax, which has decimated Australian industry. The cost of power and energy—which, once upon a time, Australia had a very competitive advantage in—has been made almost unaffordable by the Labor Party and the Greens. One of the great competitive advantages Australia had was unlimited supplies of relatively cheap black coal, which gave Australia one of the cheapest forms of power and electricity in the world, and that cost of energy encouraged manufacturing in Australia. Since the Labor Party and the Greens got into the act, the cost of power has gone through the roof and Australian industries have been quite uncompetitive.

I am the first to say that we can never, or we never would want to, emulate the work practices and work relationships of a developing country like China, but, by the same token, we have to ensure that in Australia those working in manufacturing industries are productive in the purer sense of the world. Senator Abetz raised in question time yesterday some of the outrageous demands of the unions which just mean that Australia cannot compete. So let's not worry about trade barriers or protective tariffs or things like that; let's look at what is really impacting on the cost of Australian manufacture. That is what these debates really need to be about.

We should not be looking at buying flags from overseas. I know Australian manufacturers can produce a better product and, given the right economic settings, they could probably do it at a price that, taking freight into account, would be cheaper than anywhere else—but they are not given that opportunity because of the regulation that we have placed upon ourselves.

As came out in a debate I was involved in recently with the Minister for Finance, we do have high corporate rates of tax in Australia. We would all love to see corporate tax go down—you get more investment and more production that way—but we keep adding taxes to our corporate structure. We keep adding mining taxes, we keep adding carbon taxes, and it just prices Australia out of the market. Any first-year undergraduate economics student could tell you that you cannot keep imposing taxes on your own industries and expect them to compete with the world.

We have other significant exports from Australia that we need to find markets for elsewhere in the world. We are increasingly exporting medical health and technology. Indeed, we are exporting our people who work in education and health, and I am delighted to say that northern Australia is playing a big part in that. Northern Australia, as you know, is part of the tropical world—the circle around the globe between the Tropic of Cancer and the Tropic of Capricorn—which contains about 60 per cent of the world's population. We are one of the few sophisticated, developed countries in that tropic zone, and because of that we have a huge amount of expertise of the tropical world to share with that huge mass of people in the tropic zone around the world. We also know that by 2030 there will be some three billion middle-class people living in that tropic zone. They will all want better food, better education and better health in a safe and secure environment. Of course, Australia, with expertise in that tropical living, tropical health, tropical architecture and tropical agriculture, can export our skills to the world, but to do that we have to have the freest possible trade. That is what makes Australia, and will make Australia into the future, the best place in the world for exporting the
things we produce well. So we have to try and achieve the freest and fairest possible deals in trade.

I congratulate the Minister for Trade and Investment, Mr Robb, on the wonderful work he has done with the Japanese and Korean free trade agreements, and I see in the newspapers speculation that we may have a free trade agreement with China by the end of the year. I know the previous government laboured for the previous six years to try and get these agreements underway but never seemed to get anywhere. Fortunately, with the Abbott government and a minister of great capability and great energy on the job, within nine months we have achieved what had not been able to be achieved previously. I am the first to concede that we did not get absolutely everything we wanted—it was the same with the USA free trade agreement, which the Howard government negotiated. As Senator Cameron mentioned, as people from the sugar areas of the north we were not all that happy with the deal with the United States on sugar. Whilst there are some improvements with the Japanese free trade agreement on sugar, it is not anywhere near what we hoped and would have liked to expect, but I understand, when you are negotiating with another country, you can only agree on what you can get. In some other areas as well it was not as good as we would have liked, but across the board the new agreements with Japan and Korea in particular are a wonderful opportunity for Australian primary producers and manufacturers to increase their trade exposure to countries with whom we have always had very close personal relationships and good trade relationships, and the completion of those free trade agreements will mean that we now have even better trade arrangements.

As I say, it is always great to go around the country as I recall Pauline Hanson used to, saying, 'We should buy everything that is Australian made.' Yes, that is a great idea. It wins a lot of political support—until you start thinking of what the consequences of that are, until you ask what will happen to our sugar industry if imports are stopped from countries that we currently import goods from. What will those countries say when it comes to purchasing sugar? They do not have to buy it from Australia even though, I might say, Australian sugar is the best and best presented of any in the world, and I would challenge anyone to correct me on that. We know it is the best, but it is not the only one. There are other sugars. There are many other countries around the world selling sugar. If we offend—'offend' in a trade sense—the people who are currently buying our sugar, they can easily look elsewhere.

It is similar with beef cattle, another huge industry in the north of Australia. The American free trade agreement was not all we wanted on beef cattle, but it was a start. As it goes further forward, as each year passes, it gets better. It is similar with the beef element of the trade with Japan and Korea. We did not immediately get all we would have loved to have but it is a start, and as each year goes by it will get better and better for Australia. Indeed, the arrangements we have with both of those countries in relation to the export of our beef are as good as if not better than those of any other beef supplier around the world.

So that is good news for that industry. But, as I say, you cannot expect these other countries to willingly accept our products if we are putting bans on the products that they make and want to export to us. It is a very complex argument. I have listened to the comments of both Senator Xenophon and Senator Madigan. I know their passion for this approach. I might say it is not a new approach. Both of them have been talking about these things for all of the time that they have been in the Senate. Much as I and every other Australian like the
idea of what is being proposed, I think the reality of a harsh world, an unforgiving world, is such that it is mutual trade—bilateral trade, trade that has advantages to both parties involved—that we have to be seeking to achieve when we look at these issues.

I do not think I can take that much further. Much as I appreciate the sentiment behind the bill put forward, I think it is wrong. It is not one that I could support at the present time. I repeat: I do that not because I am particularly offside with the argument in relation to flags but because I understand the impact it will have on so many other Australian industries if we start curtailing trade, the way we can buy and sell different goods.

My colleagues in this debate have all gone through the issues of procurement, fairness and value for the Australian taxpayer's dollar. I would not want to repeat those arguments, which have all been put forward well already. But I think, as I say, we have to be very careful when looking at these things to make sure we do not make a tiny step forward in one area to the huge detriment of other parts of Australia that rely on the fairest and freest of trade.

The DEPUTY PRESIDENT: Senator Marshall, you have until 11.52, when the debate will be interrupted.

Senator MARSHALL (Victoria) (11:41): I would have liked longer, but I understand I might be in continuation at some point in the future. I welcome the introduction of this bill by Senator Xenophon and Senator Madigan. I welcome the fact that they immediately expanded the debate to one around trade in general. I think that is very important.

In particular, Senator Xenophon talked about the Thai free trade agreement. It is a matter that we have had some personal discussions about. It is also an agreement that I was involved in at the time, when I was fairly new in the Senate. The Australian Labor Party took a position to oppose that agreement. It went through parliament anyway. This was under the Howard government.

It was quite concerning to us that such an agreement would be entered into by a government. When you started to look at the detail of the Thai free trade agreement in particular, it effectively opened our markets completely, without restriction, to Thailand, yet most of the provisions of access to the Thai market would not kick in for 30 or so years. They still have not kicked in. It was only done a decade ago and most of the provisions for access for Australians into Thailand still are not there yet. Having an agreement where benefits to the Australian economy would not happen in any meaningful way for a 30-year period, giving Thailand a 30-year head start, to me was just inexcusable.

I think it is partly to do with this notion of free trade. Whoever thought of calling them 'free trade agreements' was very clever, because it is quite seductive in many ways. Who doesn't want something for nothing? That is what it gives the appearance of giving us when we talk about free trade. But of course free trade agreements are anything but free. There is a significant cost to our economy every time we enter into a free trade agreement.

I acknowledge Senator Macdonald did not refer to these free trade agreements as 'free trade'; he talked about the freest possible trade being achieved through these, because they are not free trade agreements at all. The closest thing to a free trade agreement anywhere in the world is in fact the Closer Economic Relations agreement that this country has with New Zealand. That would be the only agreement anywhere that would really come under the heading of anything close to being a free trade agreement. All the others are in fact...
discriminatory by nature, because, when we enter into a set of arrangements with a single country, by nature of that we discriminate against other countries that we do not have such agreements with.

I have long been of the view that, if we want to get free trade throughout the world, the best approach is to have multilateral agreements. That is where the significant economic benefits to this country will be gained. I am disappointed that we spend far too much time trying to negotiate what I think are discriminatory so-called free trade agreements bilaterally instead of putting much more effort into a multilateral round of discussions. Senator Macdonald also acknowledged that these are complex matters, and I accept that. They are very complex matters and they are very difficult. We are a trading nation and trading is incredibly important to us.

Let us come back to the free trade agreement with Thailand. After that agreement was reached, as of about now as I understand it, there has been a 287 per cent increase in Thai exports into Australia. Over that same period of time Australian exports to Thailand have fallen by 25 per cent. Who could argue to me that that agreement was in the best interests of Australia? I find that incredibly disappointing. Roughly around the same time we also negotiated a free trade agreement with the United States of America. Senator Macdonald has acknowledged that we did not get all that we wanted in that agreement either. After a lot of consideration the Australian Labor Party opposed that agreement too. We opposed it because we thought it was not in our best interests. It was not in our economic interests as a nation. Strangely enough the argument used by the then government, who are now back in government, was that we were anti-American. They actually wrapped themselves in the Australian flag, which is the subject of this particular bill, to say that we were anti-American in opposing that agreement. Of course, they were potentially wrapping themselves in an Australian flag that was not made in Australia, unlike in the US where, if they were wrapping themselves in a US flag, it would be made in the US. The US have exemptions from the same free trade agreement that we entered into where they mandate that they can make their flags in the US, but the same agreement, for whatever reason and interpretation, means that we cannot do the same. I think that that is particularly disappointing.

We know that in the US agreement, which is supposedly a free trade agreement, there are several conditions put on it by the American congress. They have amendments, and Senator Xenophon referred to the Berry Amendment and to the Buy American Act. These, as we understand, are allowed under the free trade agreement. We slavishly apply the black-letter law to our interpretation of the same agreement whereas the Americans interpret it quite differently. The Americans also have the Jones Act where shipbuilding is absolutely protected in the United States. We are unable to do that it seems, yet it is the same free trade agreement, and one would assume that it is the same set of rules that apply to everybody. We as a nation, as Senator Xenophon said, seem to slavishly apply the black-letter law of free trade at any cost without actually understanding the concept of best price or best value. Best price and best value are often two very different things. When we talk about best value we must talk about the value-adding and the best value for our economy, which does not always necessarily translate to the best price.

According to research published by the Industry Capability Network in 2008, every $1 million of new or retained manufacturing business in Australia contributes $339,900 in tax
revenue. It generates domestic value addition of $985,000, saves $95,000 in welfare payments and creates 10 full-time jobs. If you add all that up, that $1 million retained manufacturing investment in this country adds up to much more than $1 million in value to the Australian economy. That is value. If we buy Australian products we get better value even if the price is higher. I do not think you have to be a Rhodes scholar to understand what is best for the Australian economy in these terms.

I understand the need for trade in general, but there are provisions in all of these agreements to protect small- and medium-sized enterprises. We simply do not seem to apply those rules or use those rules to this country's advantage. I do not know why. I do not know why we have to pretend, alone in the whole of the world, to be so purist about these issues. Why do we have to be the only ones who have to be so pure about these issues when many other countries put up non-tariff barriers as obstacles to our trade? Thailand is a classic example. We do not do it to them, but they do it to us, and we simply say, 'That's okay.' Well, I do not think it is okay; I think it is incredibly disappointing. I think we should do much more work and make much more effort. As I said earlier, I do not support entering into bilateral agreements, as I would much rather have multilateral agreements, but we have entered into them and then we do not use those agreements to our advantage. The misunderstanding of price versus value is a fundamental flaw in the way we approach trade in this country.

I personally try, whenever I can, to buy Australian. I personally look for the Australian Made label. I do it with my suits and other clothing, and sometimes with clothing it is incredibly difficult to find anything made in Australia, but I do so because it is great quality and it is still at a competitive price. It is, maybe, not the cheapest you could purchase, but it is still a competitive price. If everyone simply did that they would give an enormous boost to the textile and clothing industry in this country, which still employs many, many people. The more trade agreements we enter into where our nation's economic interest is not put first, the more pressure there is on all of those industries, particularly manufacturing.

We saw a massive influx of vehicles coming into our country with the Thai free trade agreement, but there were non-trade barriers, as Senator Xenophon took us through, on our vehicles going to Thailand. Then we saw a government particularly disinterested in the manufacturing industry in this country, daring Toyota to leave. Of course, given that dare, they actually accepted that challenge by the government and walked away, as have Holden. I find it incredibly disappointing. I think there is much merit in what Senator Xenophon and Senator Madigan have said. I look forward at some point in this debate—

The PRESIDENT: Order! The time allotted for this debate has expired.

PETITIONS

The Clerk: Petitions have been lodged for presentation as follows:

Budget

TO THE HONOURABLE PRESIDENT AND MEMBERS OF THE SENATE IN PARLIAMENT ASSEMBLED

The petition of the Victorian Aboriginal community and other concerned citizens shows:

Imposing a $7 Medicare co-payment on Doctor visits and medical tests (e.g. blood tests, ultrasounds, x-rays) will be bad for the health of all Australians but more so for the Aboriginal community.

CHAMBER
Introducing co-payments will not close the gap in health outcomes; it will widen the gap between Aboriginal people and the rest of the community.

The co-payment will increase health care and administration costs for both Government and health care providers. This will leave less money to provide the community with the care they need because more is spent on administration.

This will hurt the sickest and poorest people in our community. $7 means a lot more to the most disadvantaged among us, especially those in single income households or with chronic illness.

Discouraging people from visiting their GP will interfere with the early detection of illnesses and preventive action such as immunisation. There will be more illness in our community.

We ask that the Senate:

Oppose the implementation of the $7 Medicare co-payment.

by Senator Di Natale (from 1470 citizens).

Petition received.

**Australia Network**

TO THE HONOURABLE PRESIDENT AND MEMBERS OF THE SENATE IN PARLIAMENT ASSEMBLED

The petition of the residents of Australia shows:

1. play a vital role in Australian society; informing, educating, and entertaining the populace in a balanced and independent fashion;
2. provide quality children's programs and coverage of the arts, religion and women's sporting events that are rarely provided by commercial outlets; and
3. provide Australian travellers and people in our neighbouring regions, through the Australia Network, with valuable information from an Australian perspective.

Your petitioners ask that the Senate:

1. increase the budget for these broadcasters; and
2. maintain the Australia Network with the Australian Broadcasting Corporation having control.

by Senator Cameron (from 285 citizens).

Petition received.

**NOTICES**

**Presentation**

Senator Fifield to move:

That consideration of the business before the Senate on the following days be interrupted at approximately 5 pm, but not so as to interrupt a senator speaking, to enable senators to make their first speeches without any question before the chair, as follows:

(a) Wednesday, 9 July 2014—Senator Leyonhjelm;
(b) Tuesday, 15 July 2014—Senator Reynolds; and
(c) Wednesday, 16 July 2014—Senators McGrath and Canavan.

**Senator Whish-Wilson** to move:

That the Senate—
(a) notes the Government of Brunei Darussalam’s recently adopted penal code, which threatens the human rights of minority groups, including women, religious minorities and lesbian, gay, bisexual and transgender individuals; and

(b) calls on the Government to insist that Brunei address these human rights violations as a condition of it participating any further in the Trans-Pacific Partnership trade negotiations.

Withdrawal

Senator EDWARDS (South Australia) (11:52): Pursuant to notice given on 25 June 2014, I withdraw business of the Senate notice of motion No. 2 standing in my name for five sitting days after today.

COMMITTEES

Selection of Bills Committee

Report

Senator KROGER (Victoria—Chief Government Whip) (11:52): I present the eighth report of 2014 of the Selection of Bills Committee and I seek to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE
REPORT NO. 8 of 2014

1. The committee met in private session on Wednesday, 25 June 2014 at 7.41 pm.

2. The committee resolved to recommend—That—

(a) the Aboriginal and Torres Strait Islander Amendment (A Stronger Land Account) Bill 2014 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 2 September 2014 (see appendix 1 for a statement of reasons for referral);

(b) the provisions of the Clean Energy Finance Corporation (Abolition) Bill 2014 be referred immediately to the Economics Legislation Committee but was unable to reach agreement on a reporting date (see appendices 2 and 3 for statements of reasons for referral);

(c) the provisions of the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 [No.2], the Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Amendment (Carbon Tax Repeal) Bill 2013 [No. 2], the Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Amendment (Carbon Tax Repeal) Bill 2013 [No. 2], the True-up Shortfall Levy (General) (Carbon Tax Repeal) Bill 2013 [No. 2], the True-up Shortfall Levy (Excise) (Carbon Tax Repeal) Bill 2013 [No. 2], the Ozone Protection and Synthetic Greenhouse Gas (Import Levy) (Transitional Provisions) Bill 2013 [No. 2], the Customs Tariff Amendment (Carbon Tax Repeal) Bill 2013 [No. 2], the Excise Tariff Amendment (Carbon Tax Repeal) Bill 2013 [No. 2], and the Clean Energy (Income Tax Rates and Other Amendments) Bill 2013 [No. 2] be referred immediately to the Environment and Communications Legislation Committee but was unable to reach agreement on a reporting date (see appendices 4 and 5 for statements of reasons for referral);

(d) the provisions of the Climate Change Authority (Abolition) Bill 2013 [No. 2] be referred immediately to the Environment and Communications Legislation Committee but was unable to reach agreement on a reporting date (see appendices 6 and 7 for statements of reasons for referral);

(e) the provisions of the Family Assistance Legislation Amendment (Child Care Measures) Bill (No. 2) 2014 be referred immediately to the Education and Employment Legislation Committee but was...
unable to reach agreement on a reporting date (see appendices 8 and 9 for statements of reasons for referral); and

(f) the provisions of the Migration Amendment (Protection and Other Measures) Bill 2014 be referred immediately to the Legal and Constitutional Affairs Legislation Committee for inquiry and report by 26 August 2014 (see appendices 10 and 11 for statements of reasons for referral).

3. The committee resolved to recommend:

That the following bills not be referred to committees:

- Meteorology Amendment (Online Advertising) Bill 2014
- Minerals Resource Rent Tax Repeal and Other Measures Bill 2013 [No. 2]
- Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014
- Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 1), (No. 3) and (No. 5)) Bill 2014
- Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 2), (No. 4) and (No. 6)) Bill 2014

The committee recommends accordingly.

4. The committee deferred consideration of the following bill to its next meeting:

- Save Our Sharks Bill 2014.

(Helen Kroger)
Chair
26 June 2014

APPENDIX 1

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee:

Name of bill:
Aboriginal and Torres Strait Islander Amendment (A Stronger Land Account) Bill 2014

Reasons for referral/principal issues for consideration:

Investigating the role that this Bill can play in:

- Ensuring that the Land Account is a compensatory mechanism that recognises past injustices and dispossession and acknowledges the special relationship Aboriginal and Torres Strait Islander peoples have with their lands.
- Ensuring that the Land Account isn’t, now or in the future, utilised for any purpose other that the land-related benefit of Aboriginal and Torres Strait Islander peoples.
- Ensuring Aboriginal and Torres Strait Islander control over the Land Account and the Indigenous Land Corporation.
- Ensuring high standards of corporate governance, transparency and accountability within the ILC and appointments made by the Government to the ILC.
- Ensuring that the Land Account can grow over time.
Possible submissions or evidence from:
   Indigenous Land Council
   Department of PM&C

Committee to which bill is to be referred:
   Finance and Public Administration

Possible hearing date(s):
   29 August 2014

Possible reporting date:
   2 September 2014
   (signed)
   Senator Siewert

APPENDIX 2

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee:

Name of bill:
   Clean Energy Finance Corporation (Abolition) Bill

Reasons for referral/principal issues for consideration:
   New Senators need time to get across complex detail of the legislation. Need to understand the negative economic consequences of repeal.

Possible submissions or evidence from:
   Clean energy Finance Corporation, ARENA, finance recipients

Committee to which bill is to be referred:
   Economics Committee

Possible hearing date(s):
   29 July, 12 Aug

Possible reporting date:
   28 August
   (signed)
   Senator Siewert

APPENDIX 3

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee:

Name of bill:
   Clean energy Finance Corporation (Abolition) Bill 2013

Reasons for referral/principal issues for consideration:
   To allow proper scrutiny of this Bill, including the impact of abolishing the Clean Energy Finance Corporation on the Budget bottom line and Australia’s efforts to tackle climate change.
Possible submissions or evidence from:
- Clean Energy Finance Corporation
- Climate scientists
- Clean and Renewable Energy Industries
- Economists
- Business groups

Committee to which bill is to be referred:
Senate Economics Legislation Committee.

Possible hearing date(s):
Possible reporting date:
7 July 2014
(signed)
Senator McEwen

APPENDIX 4
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
Clean Energy Legislation Package

Reasons for referral/principal issues for consideration:
New Senators need time to get across complex detail of the legislation and to understand the negative economic consequences of repeal.

Possible submissions or evidence from:
Clean Energy Regulator, Department of Environment, Treasury and affected businesses.

Committee to which bill is to be referred:
Economics Committee

Possible hearing date(s):
30 July, 14 Aug, 18 Sept

Possible reporting date:
2 October
(signed)
Senator Siewert

APPENDIX 5
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
Clean Energy Legislation (Carbon Tax Repeal) Bill 2013
Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Amendment (Carbon Tax
Repeal) Bill 2013
Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Amendment (Carbon Tax Repeal) Bill 2013
True-up Shortfall Levy (General) (Carbon Tax Repeal) Bill 2013
True-up Shortfall Levy (Excise) (Carbon Tax Repeal) Bill 2013
Customs Tariff Amendment (Carbon Tax Repeal) Bill 2013
Excise Tariff Amendment (Carbon Tax Repeal) Bill 2013
Clean Energy (Income Tax Rates and Other Amendments) Bill 2013

Reasons for referral/principal issues for consideration:
To ensure proper scrutiny of these Bills and their impact on Australia's efforts to tackle climate change and carbon pollution.

Possible submissions or evidence from:
- Climate Scientists
- Economists
- Business groups

Committee to which bill is to be referred:
Senate Environment and Communications Legislation Committee.

Possible hearing date(s):

Possible reporting date:
7 July 2014

(sign)
Senator McEwen

APPENDIX 6
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:

Name of bill:
Climate Change Authority (Abolition) Bill 2013

Reasons for referral/principal issues for consideration:
To allow scrutiny of the Bill and the impact of the abolition of the Climate Change Authority on the Government's ability to receive independent advice on climate change and on efforts to reduce carbon pollution.

Possible submissions or evidence from:
- Climate Change Authority
- Climate scientists
- Economists
- Business groups
Committee to which bill is to be referred:
    Senate Environment and Communications Legislation Committee.
Possible hearing date(s):
Possible reporting date:
    7 July 2014
(signed)
Senator McEwen

APPENDIX 7
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
    Climate Change Authority (Abolition) Bill
Reasons for referral/principal issues for consideration:
    New Senators need time to get across the detail of the expert advice that the Climate Change
Authority provides to the Parliament and the Australian public.
Possible submissions or evidence from:
    Climate Change Authority, Treasury, ABARE, BREE
Committee to which bill is to be referred:
    Environment and Communications Committee
Possible hearing date(s):
    28 July, 19 Aug
Possible reporting date:
    4 September
(signed)
Senator Siewert

APPENDIX 8
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
    Family Assistance legislation Amendment (Child Care Measures) Bill (No.2) 2014
Reasons for referral/principal issues for consideration:
    Detailed scrutiny of this bill is required including information on the impact of these measures on the
families currently receiving financial assistance and how this Bill will impact on decisions that parents
are making about working, training or improving their education. Submissions and evidence is needed
to fully assess and consider the Bill.
Possible submissions or evidence from:
    Parents and carers, child care educators, child care service providers, employers, families groups,
welfare groups, the Department of Education.
Committee to which bill is to be referred:
    Senate Education and Employment Legislation Committee
Possible hearing date(s):
Possible reporting date:
    28 Aug 2014
(signed)
Senator McEwen

APPENDIX 9
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
    Family Assistance legislation Amendment (Child Care Measures) Bill (No.2) 2014
Reasons for referral/principal issues for consideration:
    Implications that this Bill will have on Australian families
Possible submissions or evidence from:
    Goodstart Early Learning
    Early Childhood Australia
    Australian Childcare Alliance
Committee to which bill is to be referred:
    Education and Employment Committee
Possible hearing date(s):
    18-22 September 2014.
Possible reporting date:
    Wednesday, 3 September, 2014
(signed)
Senator Siewert

APPENDIX 10
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
    Migration Amendment (Protection and Other Measures) Bill 2014
Reasons for referral/principal issues for consideration:
    Implications that this Bill will have on asylum seekers seeking protection in Australia
Possible submissions or evidence from:
    Amnesty International Australia
    Human Rights Law Centre of Australia
    Law Council
Refugee Council of Australia
Refugee and Immigration legal Centre

Committee to which bill is to be referred:
Legal and Constitutional Affairs Committee

Possible hearing date(s):
8-11 September 2014.

Possible reporting date:
Tuesday, 21 October, 2014

(signature)
Senator Siewert

APPENDIX 11
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:

Name of bill:
Migration Amendment (Protection and Other Measures) Bill 2014

Reasons for referral/principal issues for consideration:
To clarify the operation of schedules contained within the Bill, in particular to ensure procedural fairness is afforded to visa applicants throughout the application process including during merits review.

To ensure the Bill does not breach or negatively impact upon Australia’s non-refoulement obligations under the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and the International Covenant on Civil and Political Rights (ICCPR) and to investigate the impact of possible changes to the threshold engaged when considering risk of harm from potential refoulement.

Possible submissions or evidence from:
Department of Immigration and Border Protection
United Nations High Commissioner for Refugees
Australian Human Rights Commissioner
Law Council of Australia

Committee to which bill is to be referred:
Legal and Constitutional Affairs Committee

Possible hearing date(s):

Possible reporting date:
26 August 2014

(signature)
Senator McEwen

Senator KROGER: I move:
That the report be adopted.

Senator MOORE (Queensland) (11:53): I move:
At the end of the motion, add, "but, in respect of:"
(a) the Clean Energy Finance Corporation (Abolition) Bill 2014, the provisions of the bill not be referred to a committee;

(b) the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 [No.2] and associated bills, the Environment and Communications Legislation Committee report by 14 July 2014; and

(c) the Climate Change Authority (Abolition) Bill 2013 [No. 2], the Environment and Communications Legislation Committee report by 14 July 2014.”.

Senator MILNE (Tasmania—Leader of the Australian Greens) (11:53): I move:

Omit “14 July 2014" wherever occurring, substitute "2 October 2014".

The reason I am changing the reporting date is because, on 1 July, we are going to have a number of new senators arriving in this chamber. I do not think it is fair to ask new those senators to vote on and speak on a complex suite of bills which will have such a critical impact on the future of this country without giving them the opportunity to have a reasonable length of time to get across the issues and then make up their minds in a considered way.

It is unprecedented that people would be expected to be sworn into the parliament and then thrown into such a complex debate so early in their career. Every single one of us had the opportunity to come into the Senate and settle in. They will not even be able to employ staff until 1 July, and you are expecting that by 14 July the committee will have reported and they will be ready to deal with these bills which seek to repeal the emissions trading scheme. It is not just one bill but many bills and it is incredibly complex. I think that natural justice demands that people are informed when they are making a decision so critical to the future of the country. It really does not serve democracy well to bring people in here and, before they even make their inaugural speeches—or at the same time they are being asked to make their inaugural speeches—ask them to participate in a debate of such complexity. It is on that basis that I am seeking to change the reporting date on all of the bills relating to our emissions trading scheme and to ask that they report on 2 October. That would provide the time that the new senators need.

This is a debate which, we have learned in the last 24 hours, is moving very quickly. That is why I think it would be a bad mistake to throw people in here. I do not think people have realised the gravity of the decision that is going to be made, because for evermore people are going to be named as having voted one way or another, and future generations are going to care. I think it is extraordinary that we would not give people the ability to get across the detail. That is why I am seeking to have a longer reporting date than is being proposed by the Labor Party. I say to the Labor Party: if you are serious about keeping the emissions trading scheme that we have got, if you are serious about a chance to persuade people, I ask that you consider supporting the longer reporting date of 2 October 2014.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (11:57): I move an amendment to the amendment:

Omit “2 October 2014”, substitute ”7 July 2014”

This is a curious set of circumstances we find ourselves in today, and it follows a pattern that we have seen from the Australian Labor Party over the past couple of days, where those forums which have been established in this place to achieve consensual outcomes have been bypassed or abrogated. Yesterday we saw Senator Wong bypass the Procedure Committee by bringing forward motions to seek to alter the operation of the Senate estimates committees
and other proceedings of this place. As I indicated in my remarks in the suspension debate yesterday, the purpose of the Procedure Committee is to allow leaders of all parties to come together to work in a consensual way to a common end. We are seeing the second manifestation of that abrogation of these consensual processes today with the amendment from the Australian Labor Party, which Senator Milne has, in turn, sought to further amend. I refer of course to the Selection of Bills Committee. The Selection of Bills Committee is another forum where representatives of senators from across the chamber come together to seek to achieve consensual outcomes in relation to bills which are referred to the committees of the Senate.

The reason this is particularly peculiar is that the Australian Labor Party yesterday submitted to the Selection of Bills Committee a referral for the clean energy legislation package of bills for 7 July—the very date I am proposing today. They also submitted a referral for the Climate Change Authority (Abolition) Bill for consideration by a committee, again with a reporting date of 7 July. So last night the Australian Labor Party thought that 7 July was an appropriate time frame for reporting by these committees, and we were prepared to accept that.

I do not understand what has happened between last night and this moment now. What is the purpose of the Selection of Bills Committee process if we cannot take at face value the submission of senators—senators who have duly signed a submission, a proposed referral, to the Selection of Bills committee, who have put forward that that is the date they think is appropriate? I do not understand what has happened between last night and today. The Selection of Bills Committee report did actually reflect that agreement could not be reached, and the reason agreement could not be reached was that the Australian Greens had a later reporting date in mind. I acknowledge that. The Selection of Bills Committee report accurately reflected that agreement could not be reached, but there was agreement between the government and the opposition. The Australian Greens have not changed their position, the government has not changed its position overnight—only the opposition have changed their position overnight. I can only surmise that is for purely base political reasons—in other words, to seek to delay the consideration of this legislation by this chamber.

I am deeply concerned that the very basis upon which the Selection of Bills Committee operates is being undermined by the amendment that has been moved by the Australian Labor Party and that now subsequently is being amended by the Greens and by me. I would urge colleagues in this place to reflect on the operation of the Selection of Bills Committee and acknowledge that it is appropriate that we should be able to take at face value what colleagues from other parties put in writing and say at the Selection of Bills Committee. A reporting date of 7 July is eminently reasonable. We know it is eminently reasonable because the Australian Labor Party agreed with that reporting date last night for the clean energy package of bills and also for the Climate Change Authority legislation.

Senator McEWEN (South Australia—Opposition Whip in the Senate) (12:02): I want to put on the record the situation with regard to the Selection of Bills Committee, as I have had to do before. People should know that the Selection of Bills Committee makes recommendations to the Senate about referrals of bills to committees and reporting dates for those bills. That report of the Selection of Bills Committee, whether or not it is adopted and whether or not it is amended, is always subject to the will of the Senate. That is the process
we are going through here at the moment. The Manager of Government Business in the Senate, Senator Fifield, well knows that quite often things change between the deliberations of the Selection of Bills Committee, which usually occurs on a Wednesday night, and the presentation of the report for the consideration of the Senate the following day. Often the recommendations in the report do need to be amended to accommodate what has happened overnight. What happened in Australia overnight was that we had some significant pronouncements from members of the party that will be occupying some of the crossbench after 1 July about matters relating to the very bills that are being considered by the Selection of Bills Committee. The Labor Party took account, in its deliberations, of those public announcements that were made last night.

There is nothing untoward going on in this process at all. It is quite proper for the Selection of Bills Committee, which is not a deliberative committee, to make recommendations to the Senate and for the Senate to amend or revise those recommendations. The indication by the Manager of Government Business that all is sweetness and light at the Selection of Bills Committee is not factually correct. There are often robust discussions about the appropriate time frame for referral of bills, and those time frames are contingent on many other factors apart from what the government wants. I wanted to put that on the record, and I look forward to continuing in the proper place, which is the Senate, the debate about the final outcome of this Selection of Bills Committee issue.

**Senator CORMANN** (Western Australia—Minister for Finance) (12:05): Here we go again—Labor and the Greens are still playing games, still wanting to abuse the processes of the Senate in order to act in defiance of the will of the Australian people. The Labor Party might still not have got used to the fact that they lost the last election. At the last election the Australian people voted to get rid of the carbon tax, and Labor are playing procedural games in order to frustrate the process, in order to slow down the process, in order to slow down the opportunity for the Senate to deal with important legislation efficiently, effectively and swiftly in order to provide necessary and important certainty to businesses, to families, to pensioners and to people right across Australia who are waiting for this parliament to get on with it, who are waiting for the Senate to get on with it, who are waiting for the Senate to pass legislation which will reduce costs for average households by $550 a year.

People across Australia, businesses across Australia, are waiting for the Senate to get on with it and here we have the Labor Party and the Greens continuing to play games in direct defiance of the will of the Australian people expressed at the last election. They come in and they speak with forked tongues. This is the party that went to the 2010 election saying there would be no carbon tax, only to introduce one. This is the party which went to the last election saying that they would remove the carbon tax, only to vote in this chamber again and again to keep it.

On the very day that the Labor Party was voting in this chamber to keep the carbon tax, to keep $550 in costs for the average family in place, the senator-elect from the great state of Western Australia—the only senator representing the Labor Party in the half-Senate election, Senator-elect Bullock—was out there saying that Labor is voting to scrap the carbon tax. In here today, the Labor Party is still joining with the Greens to frustrate the process to ensure the Senate can deal with it. You do not even want us to deal with it. You want to put roadblocks in place. Everybody knows the games you are playing. You cannot get over the
fact that you lost the last election or that the Australian people have roundly rejected your broken promise on imposing a carbon tax which pushes up the cost of electricity, the cost of living and the cost of doing business and which makes it harder for businesses across Australia to employ people. You are using procedural games to frustrate efforts to build a stronger, more prosperous economy where everyone can get ahead. You are trying to have your cake and eat it too, to have it both ways. You were trying to send a message out there into the community in the lead-up to the election by saying, 'No, we are not in support of the carbon tax. Either we are not going to introduce it, or we will have already removed it'. Whenever an election is on, the Labor Party joins us in a bipartisan way and says: 'We are as against the carbon tax as everybody else,' and as soon as the election is out of the way it plays these sorts of games to prevent the Senate from dealing with important legislation for our economic future. We want to deal with it efficiently and effectively. This is our job. There is absolutely no reason this process should be delayed until October and no reason it should be delayed until 14 July.

Senator Milne is saying, 'People who come in on 1 July will not know what they are voting on.' But this debate has been taking place across Australia and across the community for years. Anybody who comes into the Senate on 1 July and does not know what we are dealing with must have been living under a rock. Maybe some of the Greens have been living under a rock and do not know what is happening, because they are now the party that is promoting regular reductions in taxes on fuel. But anybody who is joining this Senate after 1 July will know what they are voting on. Of course they should have an opportunity to deal with this issue swiftly; it is in the national interest for us to do so. And it is in the interest of families and pensioners across Australia that we take the cost burden of the Labor-Green carbon tax off their shoulders. Frankly, people deserve the $550 saving a year in the cost-of-living expenses, and businesses across Australia should be encouraged to employ more people. (Time expired)

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (12:10): Today's procedural manoeuvres by the Labor and the Green parties in this place once again highlight that the Labor Party and the Australian Greens resent the decision of the Australian people of 7 September last year to elect a government that was absolutely committed to the repeal of the carbon tax. The Australian people know that the carbon tax has impacted viciously on their cost of living to the tune of more than $550 per annum, because it will now clock over to a higher rate as of 1 July. Not only does it viciously attack household budgets, but it also destroys jobs. We know that. Yet the Labor-Green majority in this place will continue to defy the wish of the Australian people and deliberately manoeuvre using the numbers whilst they last in this place to try to defer the repeal of this carbon tax legislation which the Australian people so overwhelmingly voted in favour of.

I recall that the last time the Senate changed, which I think was in 2011, certain things like the carbon tax had to be rushed through very, very quickly. There was no concern by the Australian Greens then that new senators might need to find their feet and get their heads around legislation. Once again it is what I, over my 20 years in this place, have become heartily sick and tired of. If the Greens do something, it must be good per se; if the government does something identical, it must be bad. It is a very simple equation: Green,
good; everything else, bad. Trying to tie up the new Senate with these sorts of timetables shows an absolute disregard for the new senators coming in. It is saying to them, 'No matter what your view is, we will seek to frustrate the expression of the views of the people who elected you in relation to these matters and especially the carbon tax.' But I plead with my friends on the Labor Party side—why don't you lance this boil? You know how this collusion with the Greens has destroyed your base. Why don't you lance the boil? I do not know why I am giving gratuitous advice to the Labor Party in relation to this; it must just be coming out of the goodness of my heart that I want to say to my colleagues on the Labor Party side: 'Why do you continue to destroy yourselves?'

We see Senator Bishop in this Senate, and we know his views on it. We know what happened in Western Australia; we know what happened in the state of South Australia, where the Labor Party was reduced to the re-election of only one senator out of six possible positions—a devastating result. I would have thought the Labor Party would have said, 'Yes, we know what the problem was—the carbon tax. Let's lance the boil, repeal the tax, get rid of it and move on.' It is what we did with Work Choices. We heard the voice of the Australian people, we said the new government had a mandate, we moved on and we apologised to the Australian people. But the Labor Party are not two-faced in this debate, Senator Cormann—and I hate to disagree with you—they are actually three-faced. First of all they say, 'No carbon tax if we are elected,' and they then introduce one. They then say, at the next election, 'We've already got rid of the carbon tax.' Their third position is that, when they actually get the opportunity to vote against the carbon tax, they will vote to keep it—flip-flop, flip-flop. They have shown us three faces in this debate, none of them with any credibility and none of them with any endorsement from the Australian people.

I simply plead with those on the other side: show some respect to the incoming senators and allow them to determine for themselves the future of the legislative agenda. Let us not have the hangover of this Senate, which is unrepresentative of the Australian people and which will change on 1 July—(Time expired)

The PRESIDENT: The question is that the question be now put.

The Senate divided [12:21]

(The President—Senator Hogg)

Ayes ......................36
Noes ......................30
Majority ................6

AYES
Bilyk, CL
Brown, CL
Collins, JMA
Dastyari, S
Farrell, D
Hanson-Young, SC
Lines, S
Ludwig, JW
Marshall, GM
McLucas, J
Moore, CM
Polley, H

Bishop, TM
Cameron, DN
Conroy, SM
Di Natale, R
Gallacher, AM
Hogg, JJ
Ludlam, S
Lundy, KA
McEwen, A (teller)
Milne, C
O’Neill, DM
Pratt, LC
The PRESIDENT (12:23): The question therefore is that the amendment moved by Senator Fifield be agreed to.

The Senate divided. [12:24]

(The President—Senator Hogg)

Ayes .................. 30
Noes .................. 36
Majority .............. 6

AYES

Abetz, E
Bernardi, C
Boyce, SK
Cash, MC
Edwards, S
Fawcett, DJ
Fifield, MP
Kroger, H (teller)
Madigan, JJ
Nash, F
Parry, S
Ronaldson, M
Ryan, SM
Seselja, Z
Smith, D

Back, CJ
Boswell, RLD
Bushby, DC
Cormann, M
Eggleston, A
Fierravanti-Wells, C
Heffernan, W
Macdonald, ID
McKenzie, B
O’Sullivan, B
Payne, MA
Ruston, A
Scullion, NG
Sinodinos, A
Williams, JR

Question agreed to.
Question negatived.

The President (12:26): The question now is that the amendment moved by Senator Milne be agreed to.

Question negatived.

Senator Siewert (Western Australia—Australian Greens Whip) (12:26): I move an amendment to Senator Moore's amendment:

After paragraph (c) add:

(d) the Family Assistance Legislation Amendment (Child Care Measures) Bill (No. 2) 2014, the Education and Employment Legislation Committee report by 28 August 2014;

(e) the Migration Amendment (Protection and Other Measures) Bill 2014, the Legal and Constitutional Affairs Legislation Committee report by 22 September 2014."

Senator Fifield (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:27): I move an amendment to Senator Siewert's amendment:

Paragraph (d), omit—28 August 2014, substitute—7 July 2014.

Paragraph (e), omit—22 September 2014, substitute—26 August 2014.

The President: The question is that the amendment moved by Senator Fifield be agreed to.
The Senate divided. [12:29]
(The President—Senator Hogg)

Ayes ...................... 30
Noes ...................... 36
Majority ............... 6

AYES
Abetz, E
Bernardi, C
Boyce, SK
Cash, MC
Edwards, S
Fawcett, DJ
Fifield, MP
Kroger, H (teller)
Madigan, JJ
Nash, F
Parry, S
Ronaldson, M
Ryan, SM
Seselja, Z
Smith, D

NOES
Bilyk, CL
Brown, CL
Collins, JMA
Dastyari, S
Farrell, D
Hanson-Young, SC
Lines, S
Ludwig, JW
Marshall, GM
McLucas, J
Moore, CM
Polley, H
Rhiannon, L
Singh, LM
Sterle, G
Tillem, M
Waters, LJ
Wong, P

Back, CJ
Boswell, RLD
Bushby, DC
Cormann, M
Eggleston, A
Fierravanti-Wells, C
Heffernan, W
Macdonald, ID
McKenzie, B
O'Sullivan, B
Payne, MA
Ruston, A
Scullion, NG
Sinodinos, A
Williams, JR

Question negatived.
The PRESIDENT (12:31): The question now is that the amendment moved by Senator Siewert be agreed to.

Question agreed to.
The PRESIDENT: The question now is that Senator Moore's amendment, as amended, be agreed to.
Question agreed to.

The PRESIDENT: The question now is that the motion, as amended, be agreed to.

Question agreed to.

BUSINESS

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:33): I move:

That—
(a) the following government business orders of the day be considered from 12.45 pm today:
   No. 5 Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014
   No. 6 Offshore Petroleum and Greenhouse Gas Storage Amendment (Regulatory Powers and Other Measures) Bill 2014
   Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Bill 2014
   No. 7 Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014
   Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014
   Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 1), (No. 3) and (No. 5)) Bill 2014
   Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 2), (No. 4) and (No. 6)) Bill 2014
   Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (Parliamentary Departments)) Bill 2014; and
(b) government business be called on after consideration of the bills listed in paragraph (a) and considered till not later than 2 pm today.

Question agreed to.

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:33): I move:

That the order of general business for consideration today be as follows:
(a) general business notice of motion no. 312 standing in the name of Senator Moore relating to the Abbott Government’s budget; and
(b) orders of the day relating to government documents.

Question agreed to.

COMMITTEES

Legal and Constitutional Affairs References Committee

Reporting Date

Senator WRIGHT (South Australia) (12:34): by leave—I move:

That the time for the presentation of the report of the Legal and Constitutional Affairs References Committee on the Manus Island Detention Centre be extended to 24 September 2014.

Question agreed to.
BUSINESS

Leave of Absence

Senator KROGER (Victoria—Chief Government Whip) (12:34): by leave—At the request of Senator Colbeck, I move:

That leave of absence be granted to Senator Colbeck for today, on account of ministerial business.

Question agreed to.

COMMITTEES

Finance and Public Administration References Committee

Reference

Senator WATERS (Queensland) (12:35): I move:

That the following matters be referred to the Finance and Public Administration References Committee for inquiry and report by 27 October 2014:

(a) the prevalence and impact of domestic violence in Australia as it affects all Australians and, in particular, as it affects:
   (i) women living with a disability, and
   (ii) women from Aboriginal and Torres Strait Islander backgrounds;
(b) the factors contributing to the present levels of domestic violence;
(c) the adequacy of policy and community responses to domestic violence;
(d) the effects of policy decisions regarding housing, legal services, and women’s economic independence on the ability of women to escape domestic violence;
(e) how the Federal Government can best support, contribute to and drive the social, cultural and behavioural shifts required to eliminate violence against women and their children; and
(f) any other related matters.

Question agreed to.

Environment and Communications References Committee

Reference

Senator THORP (Tasmania) (12:36): I move:

That the following matter be referred to the Environment and Communications References Committee for inquiry and report by 29 October 2014:

The history, effectiveness, performance and future of the National Landcare Program, including:

(a) the establishment and performance of the Natural Heritage Trust;
(b) the establishment and performance of the Caring for Our Country program;
(c) the outcomes to date and for the forward estimates period of Caring for Our Country;
(d) the implications of the 2014-15 Budget for land care programs, in particular, on contracts, scope, structure, outcomes of programs and long-term impact on natural resource management;
(e) the Government's policy rationale in relation to changes to land care programs;
(f) analysis of national, state and regional funding priorities for land care programs;
(g) how the Department of the Environment and the Department of Agriculture have, and can, work together to deliver a seamless land care program;
(h) the role of natural resource management bodies in past and future planning, delivery, reporting and outcomes; and

(i) any other related matters.

Question agreed to.

Finance and Public Administration Legislation Committee

Reference

Senator McEWEN (South Australia—Opposition Whip in the Senate) (12:36): I, and also on behalf of Senators Faulkner, Bernardi, Rhiannon, Madigan and Xenophon, move:

(1) That the following matters be referred to the Finance and Public Administration Legislation Committee for inquiry and report by the seventh sitting day in March 2015:

(a) progress in implementing the recommendations of the committee's 2012 reports into the performance of the Department of Parliamentary Services (DPS), with particular reference to:

(i) workplace culture and employment issues,
(ii) heritage management, building maintenance and asset management issues, and
(iii) contract management;

(b) the senior management structure of DPS and arrangements to maintain the independence of the Parliamentary Librarian;

(c) oversight arrangements for security in the parliamentary precincts and security policies;

(d) progress in consolidating Information and Communication Technology services and future directions;

(e) the future of Hansard within DPS;

(f) the use of Parliament House as a commercial venue;

(g) further consideration of budget-setting processes for the Parliament and the merits of distinguishing the operating costs of the parliamentary institution and such direct support services such as Hansard, Broadcasting and the Parliamentary Library, from the operations and maintenance of the parliamentary estate;

(h) consideration of whether the distinction between the operations of the parliamentary institution and its direct support services, and the operations and maintenance of the parliamentary estate, is a more effective and useful foundation for future administrative support arrangements, taking into account the need for the Houses to be independent of one another and of the executive government; and

(i) any related matters.

(2) That, in undertaking the inquiry, the committee have access to relevant records and evidence of the committee in the previous Parliament.

Question agreed to.

Environment and Communications References Committee

Reference

Senator THORP (Tasmania) (12:37): I move:

That the following matter be referred to the Environment and Communications References Committee for inquiry and report by 3 December 2014:

The adequacy of arrangements to prevent the entry and establishment of invasive species likely to harm Australia's natural environment, including:
(a) recent biosecurity performance with respect to exotic organisms with the potential to harm the natural environment detected since 2000 and resulting from accidental or illegal introductions from overseas, including:

(i) the extent of detected incursions, including numbers, locations and species, and their potential future environmental, social and economic impacts,

(ii) the likely pathways of these recently detected incursions and any weaknesses in biosecurity that have facilitated their entry and establishment,

(iii) the extent of quarantine interceptions of exotic organisms with the potential to harm the natural environment, including numbers, locations, species and potential impacts, and

(iv) any reviews or analyses of detected incursions or interceptions relevant to the environment and any changes in biosecurity processes resulting from those reviews or analyses;

(b) Australia’s state of preparedness for new environmental incursions, including:

(i) the extent to which high priority risks for the environment have been identified in terms of both organisms and pathways, and accorded priority in relation to other biosecurity priorities,

(ii) the process for determining priorities for import risk analyses and the process for prioritising the preparation of these analyses,

(iii) the current approach to contingency planning for high priority environmental risks and the process by which they were developed,

(iv) the adequacy of current protocols and surveillance and their implementation for high-priority environmental risks,

(v) current systems for responses to newly detected incursions, the timeliness and adequacy, and the role of ecological expertise,

(vi) the extent to which compliance monitoring and enforcement activities are focused on high priority environmental risks,

(vii) the adequacy of reporting on incursions, transparency in decision-making and engagement of the community, and

(viii) institutional arrangements for environmental biosecurity and potential improvements; and

(c) any other related matter.

Question agreed to.

MOTIONS

Motor Neurone Disease

Senator KROGER (Victoria—Chief Government Whip) (12:38): At the request of Senator Boyce, I move:

That the Senate acknowledges that:

(a) the week beginning 21 June 2014 is Motor Neurone Disease Global Week of Action when the International Association of ALS/MND highlights research and action seeking a world free from Motor Neurone Disease (MND);

(b) MND Week began with the winter solstice on Saturday, 21 June, a turning point when the global MND community comes together to express their hope that there will be a turning point in the search for the causes, effective treatments and ultimately a cure;

(c) MND is a rapidly progressive, terminal neurological disease for which there is no known cure and no effective treatment and that two Australians are diagnosed with the disease every day;

(d) the average life expectancy from diagnosis is 27 months;
(e) about 1 900 Australians have MND and thousands more families and carers live daily with the effects of MND;

(f) the International Association of ALS/MND seeks support for the five rights of people with MND:

(i) the right to an early diagnosis and information,
(ii) the right to access quality care and treatment,
(iii) the right to be treated as individuals with dignity and respect,
(iv) the right to maximise their quality of life, and
(v) that their carers have the right to be valued, respected, listened to and well supported; and

(g) today, Members of Parliament and others wear cornflowers as a symbol of the courage of those with MND and their carers.

Question agreed to.

COMMITTEES

Finance and Public Administration References Committee

Reporting Date

Senator McEWEN (South Australia—Opposition Whip in the Senate) (12:38): At the request of Senator Lundy, I move:

That the time for the presentation of the report of the Finance and Public Administration References Committee on Commonwealth procurement procedures be extended to 10 July 2014.

Question agreed to.

Legal and Constitutional Affairs References Committee

Reference

Senator MILNE (Tasmania—Leader of the Australian Greens) (12:39): I move:

That the following matters be referred to the Legal and Constitutional Affairs References Committee for inquiry and report by 4 September 2014:

(a) the work undertaken by the Australian Federal Police's Oil for Food Taskforce;
(b) the level of resourcing that was provided and used by the taskforce; and
(c) any other related matters.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: The government does not support this motion. The issues surrounding the oil for food program have been the subject of numerous inquiries, including a UN investigation headed by former US Federal Reserve Chairman, Paul Volcker, and subsequently a royal commission in Australia, headed by the Hon. Terry Cole. The AFP's oil for food task force was subsequently established in 2006 and in August 2009 was ceased on advice from Paul Hastings QC on the basis of the prospects of any successful convictions were limited.

The AFP has answered extensive questions regarding the oil for food task force before the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity and in questions on notice. Unfortunately, I understand the Greens member of that committee
was not present when the AFP were questioned, which may explain the bringing forward of this motion today. The government is firmly of the view that a referral of this kind would be a waste of the committee’s resources.

Question agreed to.

MOTIONS

Workplace Gender Equality

Senator WATERS (Queensland) (12:40): I, and also on behalf of Senator Moore, move:
That the Senate—
(a) notes:
(i) the current gender pay gap of approximately 17.5 per cent in Australia,
(ii) recognition by industry of the need to address the gender pay gap,
(iii) support by key industry figures for current gender equality reporting requirements within Schedule 1 of the Workplace Gender Equality (Matters in relation to Gender Equality Indicators) Instrument 2013 (the Instrument) under the Workplace Gender Equality Act 2012,
(iv) the Government’s deferral of increases to gender equality reporting matters by delaying the commencement of Schedule 2 of the Instrument in order to consult industry, and
(v) that such consultation on gender equality reporting requirements is currently underway; and
(b) calls on the Government to retain the existing gender equality reporting requirements contained in Schedule 1 of the Instrument.

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (12:41): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator CASH: The coalition is proud of its achievements for the advancement of gender equality. It was, after all, the former Howard government which passed laws in 1999 to create reporting requirements and establish the Equal Opportunity for Women in the Workplace Agency. When Mr Abbott was workplace relations minister, the gender pay gap in Australia was at 15.3 per cent. Under the former Gillard government, it rose to 17.5 per cent. It currently stands at 17.1 per cent. Actions speak so much louder than words.

The government is also proposing a fair dinkum Paid Partial Leave scheme, holding a childcare review by the Productivity Commission and fleshing out individual flexibility arrangements to allow for working women to better balance their work and family needs. The government is genuinely interested in ensuring that we get the balance right on gender reporting, which is why we are currently engaging in wide-ranging consultations with employers, employees, their representatives and other stakeholders. The government opposes this motion.

Question agreed to.
DOCUMENTS
Live Animal Exports

Order for the Production of Documents

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:42): At the request of Senator Rhiannon, I move:
That there be laid on the table by the Minister representing the Minister for Agriculture, no later than 8 July 2014, all correspondence, whether written or in email form, between the Department of Agriculture and the Minister's office relating to the cattle industry's compensation claim resulting from the 5 week suspension of live export trade to Indonesia in 2011, and all correspondence, whether written or in email form, between the Minister's office and the Department of Finance, the Australian Government Solicitor and the Attorney-General's office, relating to the same matter.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: The government does not support this motion. A number of potential claimants have alleged financial losses due to the Commonwealth’s temporary suspension of live animal exports to Indonesia in June 2011. No court proceedings have been filed yet. Whether or not to file proceedings is a matter for the claimants. The internal correspondence referred to in the notice is, I am advised, subject to legal professional privilege.
Question negatived.

MOTIONS
Youth Mental Health

Senator WRIGHT (South Australia) (12:43): I move:
That the Senate—
(a) notes:
(i) the findings of the Youth Mental Health Report by Mission Australia and the Black Dog Institute, which states that 60 per cent of young people with a mental illness are not comfortable seeking information, advice or support from community agencies, online counselling or telephone hotlines, and
(ii) the judgement of the High Court in Williams v. Commonwealth of Australia (no. 2), which found the Commonwealth's National School Chaplaincy and Student Welfare Program to be unconstitutional; and
(b) calls on the Federal Government to bring legislation before the Parliament supporting access to professional mental health support in schools by redirecting funding allocated to the National School Chaplaincy Program from 2015 to qualified mental health workers.

Senator MOORE (Queensland) (12:44): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator MOORE: The ALP is not supporting this motion. Schools are best placed to determine the needs of the students in their community. Unlike the government, we are firmly of the view that students should come before ideology and that principals not politicians are in the best position to know what their school community needs. If a school determines that the use of a chaplain would be best for their school, the Commonwealth should not stand in their way. For Australian school students, access to support, including from qualified mental health professionals, is extremely important. The prevalence of mental illness is higher among young
Australians, and we absolutely acknowledge the barriers many young people face in knowing where to access support and assistance.

Labor is deeply concerned by the government's announcement of the $245 million for religious-only chaplains. The impact of this decision will be that many, many schools that currently use federal money to employ youth workers, welfare workers and mental health professionals will lose funding for these vital services. The government's moves to stand in the way of schools determining what is best for their community by restricting funding to only religious chaplains cannot be justified.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (12:45): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator RYAN: The government will not be supporting this motion. The government is committed to building a world-class mental health system that delivers appropriate services to young people experiencing mental ill health. The 2014-15 budget delivered on our commitments to find new and innovative treatments to support young people who experience mental illness, including establishing a National Centre for Excellence in Youth Mental Health, costing $18 million over four years from 2014-15. Once established, the centre will: undertake clinical trials; invest in research; provide training, support and information to mental health practitioners; and develop new ways to treat people experiencing mental ill health.

The 2014-15 budget also included development of a comprehensive e-mental health platform to make it easier for young people to access advice and support 24 hours a day and delivers a further 10 headspace sites, which extends the total number to 100 across Australia. The government has also tasked the National Mental Health Commission to review existing mental health programs. The government wants to ensure that mental health services are delivered to those most in need and that funding is provided to those programs that have proven to be most effective on the front-line. The review should identify gaps in service delivery, inefficiency and duplication and ensure that services are being properly targeted.

In 2014-15, the Department of Health is continuing funding for 150 mental health services, suicide prevention and postvention programs while the commission's review is being undertaken. This ensures continuity of services for people who experience mental ill health while we are working to improve the system. To conflate these two issues of the chaplaincy program and youth mental health is misleading.

The DEPUTY PRESIDENT: The question is that notice of motion No. 311 standing in the name of Senator Wright be agreed to.

The Senate divided. [12:51]

(The Deputy President—Senator Parry)

Ayes .................... 9
Noes .................... 38
Majority ............... 29

AYES

Di Natale, R
Hanson-Young, SC
Ludlam, S
Milne, C
Rhiannon, L
Siewert, R (teller)
AYES

Waters, LJ
Wright, PL

NOES

Back, CJ
Bilyk, CL (teller)
Brown, CL
Cameron, DN
Dastyari, S
Farrell, D
Fifield, MP
Kroger, H
Ludwig, JW
Marshall, GM
McLucas, J
Parry, S
Pratt, LC
Ryan, SM
Singh, LM
Sterle, G
Tillem, M
Williams, JR

Bernardi, C
Bishop, TM
Bushby, DC
Cormann, M
Edwards, S
Fawcett, DJ
Gallacher, AM
Lines, S
Lundy, KA
McKenzie, B
Moore, CM
O'Sullivan, B
Polley, H
Ruston, A
Seselja, Z
Smith, D
Thorpe, LE
Urquhart, AE
Wong, P

Question negatived.

BILLS

Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator FARRELL (South Australia) (12:54): I rise to speak on this bill, which is noncontroversial but extremely important to the country and even more important to my home state of South Australia. At the outset, I would like to thank the government for introducing this legislation—I could say, 'Better late than never.' I would like to go back over the history of this piece of legislation, and to say why it is important to the country and, in particular, to South Australia, and why it is terrific that this parliament, on my last day in the federal parliament, is passing this piece of legislation.

The history of this piece of legislation goes back to an inquiry by the Hawke committee—not Bob Hawke, but another Hawke. The idea was that South Australia has a very large section locked up in what they call the Woomera Prohibited Area. This area is larger than Tasmania and many states in Europe. Because it was used for very good, sensible defence purposes, it meant that a large portion of the state was not open to mining. The Hawke report examined the impediments to changing the rules regarding Woomera so that it could be dual
use. Sure, it is an important defence area for the country and for our alliance partners, but it has a great deal of mineralisation.

I would like to talk about that mineralisation, because we have to understand that a very large section of the Woomera area is tied up in the Gawler Craton. The predictions by the South Australian government are that there is some $35 billion worth of mineralisation locked up in the Gawler Craton, located within the Woomera Prohibited Area. This legislation—if, as we expect, is passed today—will free up all of that area to exploration. I would be very confident that there are going to be some major discoveries of new mineralisation in this area. The predictive powers of the technology are now so advanced that we can ensure that, when we start looking for this mineralisation, we have a pretty good chance of finding it.

I congratulate the government on introducing this bill. I think it is worth pointing out that I sought to get this legislation through the parliament at about this time last year; it was before the government changed hands. But it was sent off to a committee—I always thought that was a mistake. Undertakings were given by the minister that the government would reintroduce this legislation. An inquiry was undertaken by the Senate. There were a couple of changes proposed to the legislation, which is why the government indicated that it could not support my bill earlier in the year, which came up in opposition business time. A new piece of legislation was then produced. I have struggled to discover the differences between the bill I introduced earlier in the year and this bill—but I will not quibble about that. The government has recognised how important this bill is to South Australia and has introduced it. As I say, better late than never.

I will explain just how important this is for South Australia. We have seen, in recent times, some of the staple economic bases of South Australia removed. We saw, earlier this year, the announcement that Holden is going to slow down and close down. Not only does that affect that particular factory but in South Australia we have a components manufacturing operation that is second to none; it is also going to be affected by the Holden closure—so we have a double barrelled hit. In addition to that, we are in a situation where our expectation had been that Olympic Dam was going to expand. As you know, Mr Acting Deputy President Smith, that is one of the most expansive pieces of mineralisation in the world. It has some of the world's best copper and some of the world's best uranium, and there is gold also in that mine. We had expected that that mine was going to go ahead and, of course, it did not.

So how do we replace the jobs that would have been created by that expansion? How do we replace the jobs that will be lost by the closure of Holden? This bill provides the solution. It provides us with the opportunity to do further exploration. I am very confident that there will be some major discoveries that will enable our state to do what Western Australia—your own state, Mr Acting Deputy President Smith—has done and will continue to do with minerals. You have the work that is involved in the exploration. If discoveries are made, you have the work involved in building the mines. Of course, once the mines are open, you have that ongoing employment of people who will work in that region. They are all good things for South Australia. It provides the opportunity for the state to replace declining economic interests with new ones.

One example of what I think is a potential here is manufacturing. We are all talking about manufacturing leaving the country and going overseas. Well, one very good example in Australia is a company called Osmoflo, which I had the opportunity of dealing with when I
was the parliamentary secretary for water. They now run 75 desalination plants around Australia and around the world. You go to their little factory in Virginia in South Australia and they control those 75 desalination plants from a computer room in Virginia in South Australia. What is essential in this craton region of South Australia? What do they need? They need water, and we have the perfect company to deliver the water supply to these isolated regions. That will create more jobs as they build the desalination plants that are going to be used to supply the freshwater for all the people who are going to be working in this new area.

I congratulate the government on bringing this forward. I do consider that it is a swan song as far as I am concerned, because it is a great piece of legislation. When it comes to the future of economic development of my state of South Australia, of all the pieces of legislation that will be passing in this session, this one provides the greatest opportunity for the state to extend its economic development. As you know, we have a terrific new government in South Australia—

Senator Cameron: Not here!

Senator Farrell: No, not here, but in South Australia, re-elected—

Senator Ryan: The government wasn't so keen on you!

Senator Cormann: The Premier of South Australia speaks nicely about you too!

The Acting Deputy President: Order!

Senator Farrell: I do not get involved in that gutter politics, Senator Cormann—I am above that. But this is a terrific piece of legislation. The opposition completely support it and we want it to go through.

Senator Wright (South Australia) (13:04): As a South Australian senator for the Australian Greens, I rise to highlight an aspect of this bill, the Defence Legislation Amendment (Woomera Prohibited Area) Bill 2014, which is fundamental but which has not received the attention it deserves. The level of consultation with the relevant area's traditional owners has not been sufficient—over the entire process leading to what this bill proposes. However, at this stage there still an opportunity to give due weight to their concerns.

To that end, I would like to make some comments in support of the Maralinga and Anangu Pitjantjatjara Yankunytjatjara, or APY, people's request that the Woomera Prohibited Area be removed from what is known as section 400. The Woomera Prohibited Area occupies 127,000 square kilometres, so it comprises 13 per cent of South Australia—twice the area of Tasmania. It is a huge area of land. The Maralinga lands cover about 40 per cent of the Woomera Prohibited Area, or WPA.

There is a history here of enormous cultural and social dislocation, including the Maralinga traditional owners being denied access to these lands during the British and Australian nuclear test program from 1956 onwards. The South Australian Maralinga Tjarutja Land Rights Act 1984 handed back the traditional lands to a corporate body established to represent the traditional owners' interests. The Maralinga and APY people are the only owners of significant freehold land in the Woomera Prohibited Area. Section 400 is a particular tract of land which was provided by freehold transfer from the state of South Australia to the Commonwealth in 1957 for the purpose of British nuclear tests. It includes the nuclear test site and some minor trials sites and the Maralinga village. It makes up 3,125 square kilometres, or 2.5 per cent, of the Woomera Prohibited Area's total.
There is an overlap between section 400 and the Woomera Prohibited Area such that the Woomera Prohibited Area covers about half of section 400. The overlap is where the nuclear tests and minor trials occurred. The Maralinga people, as the traditional owners, seek that this overlap be eliminated by redefining the Woomera Protected Area so that it does not encroach on section 400.

The bill that we are considering today provides for the minister to make the Woomera Prohibited Area rules. The rules as currently drafted define the Woomera Prohibited Area as including the northern half of section 400, on the Maralinga lands. I wish to place on the record my strong support and that of the Australian Greens of the Maralinga and APY peoples' request that the Woomera Prohibited Area be redefined to not include section 400. As I have mentioned previously, section 400 is equivalent in size to 2.5 per cent of the Woomera Protected Area's total. The reasons that this is important are that the Maralinga and APY people have a strong relationship with section 400. They were its traditional occupiers. For thousands and thousands of years these people, hunted, raised families, celebrated their culture and lived in their communities on these lands. These are their lands.

A significant clean-up of the nuclear and minor trial sites in section 400 occurred between 1993 and 2001 after years of negotiation between the Commonwealth, South Australia and the Maralinga Tjarutja people. The Commonwealth spent over $100 million rehabilitating these sites and the Maralinga village. After this significant exercise, all but 200 square kilometres are now fit for permanent Aboriginal habitation.

On completion of the rehabilitation, the Commonwealth negotiated for five years with South Australia and the Maralinga Tjarutja and resolved all issues relating to the hand-back of section 400 to the Maralinga traditional owners. This included a compensation package to meet the cost of section 400's ongoing maintenance and comprehensive indemnities by the Commonwealth to South Australia and the Maralinga Tjarutja regarding personal injury claims arising from the nuclear program.

As part of those negotiations, the South Australian government also agreed its Mining Act would not apply to the rehabilitated nuclear test sites. All parties agreed that mining exploration should not occur in a place where plutonium is buried in engineered burial trenches, and fine particulate plutonium is still deposited over nearly 200 square kilometres. The half-life of plutonium is 24,500 years.

This bill purports to open up the Woomera Prohibited Area for mining and sets conditions associated with that access. I understand the Maralinga and APY people are not opposed to mining and agree that opening up the WPA to exploration has important economic benefits. They make a strong case, however, for removal of the WPA from section 400. It is not just because of their strong, enduring connection with the land and the terrible history of dislocation which has already occurred. The huge amount of money the Commonwealth has spent rehabilitating section 400 alone would warrant it being kept separate from the WPA.

One of the primary conditions that this bill would set is that the minister can make the Woomera Prohibited Area rules. The request from the Maralinga Tjarutja and APY people is very clear: section 400 should not be included in the Woomera Prohibited Area. Their reasons for this request are cogent. They have a deep connection with the land as its traditional owners. They were displaced from section 400 in order for British nuclear tests to occur on their land.
The Commonwealth and South Australian governments have spent years negotiating with
the traditional owners about how to rehabilitate this land. The South Australian Mining Act
deprecated to allow mining in section 400 because of the risks associated with disturbing the
plutonium in the area as a result of the nuclear tests. It is a tiny amount of land in question and
there has been no cogent reason given about why it should be retained in the Woomera
Prohibited Area.

In addition to the significant issues of Indigenous consultation, I would like to mention
another aspect of the bill which is less than optimal. The Australian Greens are not against
mining in itself. We appreciate the significant economic effects that it can have—and this is
certainly the case in South Australia—if it is well managed.

We have long advocated that mining exploits a shared resource, so the wealth associated
with mining must be properly taxed so that the entire community can benefit from these
economic impacts, so that the entire community can share in the benefits of what is a shared
resource. Once mined, it is gone forever. We are also adamant that mining's environmental
effects can be easily as significant as its economic ones and indeed are often more enduring. It
is a fact that environmental degradation will outlast an economic boom.

Environmental stakeholders have raised some concerns with this bill. The Conservation
Council of South Australia mentioned the biodiversity, water and energy issues associated
with mining infrastructure and resource needs.

The proposal in this bill, for the Woomera Prohibited Area to be opened up for resources
exploration and mining 'to the maximum extent possible', has significant risks to the natural
environment. The bill makes no reference to sustainability or the environment and ignores the
fact that ad-hoc exploration and mining may cause serious harm to environmental assets and
ecological communities.

The Conservation Council of SA notes that the bill fails to recognise this environmental
vulnerability and that the environmental assets in question have never been exposed to the
level of exploration and mining that may now occur. For this reason, the Australian Greens
say the bill should have additional measures to ensure that access is not granted to areas
which need protection. It should also have some provision for environmental assessment. It
has none.

Bush Heritage Australia observes in relation this bill that there is no recognition of the
valuable environmental assets and capital in the Woomera Prohibited Area. It protects
significant extents of intact, healthy vegetation and relatively healthy populations of native
animals. There is a need to protect this largely intact area for the long-term health of the
region's biodiversity and human population. Bush Heritage Australia recommend that the
area's biodiversity, cultural and landscape assets should be formally recognised in the bill.

As the bill has failed to acknowledge the natural capital in the area or set any mechanisms
for preserving these assets, on behalf of the Australian Greens I would like to squarely place
these concerns on the record. We do not deny the benefits that mining activity can offer. We
will always advocate for mining exploration and activity to manage its impact on the natural
environment as carefully and as wisely as possible. Economic benefits come and go, but a
healthy, natural environment will outlast them. It is what we rely on to sustain us into the
future.
In conclusion, I call on the government to engage with the traditional owners, remove the Woomera Prohibited Area from section 400 and allow any economic benefits associated with this bill to occur in a way that is respectful of traditional owners. The Australian Greens believe that the level of Indigenous consultation about this proposal leaves a lot of room for improvement, but there is still time for improvement. I could have devoted a whole speech to the government's missed opportunity to engage with the traditional owners. Instead, I want to focus on the opportunity the government now still has to respect the traditional owners and their request, to respect that this site has been rehabilitated with much cost and effort and to remove the Woomera Prohibited Area from section 400. The Australian Greens urge the government to take up this opportunity, to make some amends for what has been an extremely sorry episode, recently, in what is a proud, long, traditional association between the traditional owners and these lands.

Senator Ryan (Victoria—Parliamentary Secretary to the Minister for Education) (13:16): Time prevents me from responding to the political points made by Senator Farrell, but I will point something out to Senator Wright regarding her comments about section 400. On 4 June 2014 the Minister for Defence, jointly with Minister Scullion, announced that section 400 is to be excised from the WPA and the traditional owners of the Maralinga-Tjarutja lands are to be given unrestricted access to the area. I give notice that I will be moving an amendment in the committee stage, and I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator Ryan (Victoria—Parliamentary Secretary to the Minister for Education) (13:17): I table a supplementary explanatory memorandum relating to the government amendment to be moved to this bill, and I move government amendment (1) on sheet BT275:

(1) Schedule 1, item 5, page 15, (lines 2 to 14), omit the item, substitute:

5 After regulation 36

Insert:

36A Compensation for acquisition of property

(1) If the operation of regulation 34 or 35 would result in an acquisition of property (within the meaning of paragraph 51(xxxi) of the Constitution) from a person otherwise than on just terms (within the meaning of that paragraph), the Commonwealth is liable to pay a reasonable amount of compensation to the person.

(2) If the Commonwealth and the person do not agree on the amount of the compensation, the person may institute proceedings in the Federal Court of Australia or another court of competent jurisdiction for the recovery from the Commonwealth of such reasonable amount of compensation as the court determines.

Question agreed to.

The Temporary Chairman (Senator Smith): The question now is that the bill as amended be agreed to.

Question agreed to.
Bill reported with amendment; report adopted.

Third Reading

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (13:18): I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Offshore Petroleum and Greenhouse Gas Storage Amendment (Regulatory Powers and Other Measures) Bill 2014

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Bill 2014

Second Reading

Debate resumed on the motion:
That these bills be now read a second time.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (13:19): I rise to speak in favour of these bills. These bills implement the work of the former federal government. These bills are the culmination of a substantial body of work that commenced following the Montara oil and gas well explosion, which was one of the most significant offshore petroleum incidents in Australia's history. It highlighted, once again, the inherent dangers that exist in the offshore hydrocarbon industry. These dangers were demonstrated, again, in August 2012 when two workers were fatally injured on a mobile offshore drilling facility in the Otway Basin off the Victorian coast.

These bills will ensure the safest operating environment possible for this industry. That is a good thing. The offshore hydrocarbon industry is important for Australia. It is important for our economy, but this should not bring with it an unacceptable risk to the people involved in it or to the environment. This legislation is designed to learn the lessons from these tragic events and ensure that they do not happen again.

We believe that the regulatory settings we are putting in place through these bills are appropriate. They encourage the best possible offshore practices in the offshore hydrocarbon industry while being flexible to allow the government to act quickly if required. We expect this legislation will operate to make sure that our offshore hydrocarbon is not only as productive as it can be but also as safe as it can be.

I commend these bills to the Senate.

Senator SIEWERT (Western Australia—Australian Greens Whip) (13:20): The Greens support these non-controversial bills. We will, however, be keeping a close eye on how these regulations operate. This new system of regulation was put in place, as the explanatory memorandums outline, as discussed many times in this place and as just mentioned by Senator Conroy, following the debacle of the Montara oil spill off the coast of Western Australia. That spill continued for a number of weeks and we do not actually know how much oil entered the marine environment, and we do not know the total impact of that spill on the environment because there was no baseline monitoring. There are ongoing concerns about
longer lasting effects on West Timor and on the seaweed growers and fishers from that area, with some fishers having abandoned some of the fishing grounds that they had previously used. We know what the impact is if we do not regulate our oil and gas properly. We strongly supported the institution brought in by the previous government, NOPSEMA. We have concerns with the shifting balance of environmental regulation, which has gone too far towards NOPSEMA. However, we will continue to monitor that to see how that rolls out. There is a lot of work that needs to continue to be done to make sure that our oil and gas industry is operating to the highest standards. There have been significant improvements, and we hope that these regulations will continue to ensure that we have strong regulation around our oil and gas industry. However, we will keep an eye out to make sure that the system continues to operate as it is now, that the environment is effective, that the environment is not left out of considerations into the future and that the balance has not gone too far.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (13:22): I thank senators for their contributions and commend the bills to the Senate. Question agreed to.

Third Reading

The ACTING DEPUTY PRESIDENT (Senator Smith) (13:23): As no amendments to the bills have been circulated, I shall call the minister to move the third reading unless any senator requires that the bill be considered in Committee of the Whole.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (13:23): I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator McLUCAS (Queensland) (13:24): I rise to indicate the Labor opposition's support of the Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014. This measure was introduced in the 2013-14 budget. It is a sensible measure and it is a Labor measure. I quote from the bill's explanatory memorandum:

This supports the overall sustainability of MBS arrangements by reducing expenditure. It compares with measures contained in the cruel 2014-15 budget which are, in fact, blunt instruments not aimed at sustainability. The 2014-15 budget measures are driven by an ideology that does not value Medicare. Australians value Medicare, Labor designed Medicare and we will defend Medicare. I indicate support for the bill.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (13:25): I thank senators for their contributions to this debate and I commend the bill to the Senate.
Question agreed to.
Bill read a second time.

Third Reading

The ACTING DEPUTY PRESIDENT (Senator Smith) (13:25): As no amendments to the bill have been circulated, I shall call the minister to move the third reading unless any senator requires that the bill be considered in Committee of the Whole.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education) (13:25):
I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014

Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 1), (No. 3) and (No. 5)) Bill 2014

Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 2), (No. 4) and (No. 6)) Bill 2014

Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (Parliamentary Departments)) Bill 2014

First Reading

Bills received from the House of Representatives.

Senator CORMANN (Western Australia—Minister for Finance) (13:26): 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

Senator CORMANN: by leave—I move:
That the provisions of paragraphs (5) to (8) of standing order 111 not apply to the bills, allowing them to be considered during this period of sittings.
I table a statement of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statement incorporated into Hansard.

Leave granted.

The statement read as follows—
STATEMENT OF REASONS FOR INTRODUCTION AND PASSAGE IN THE 2014 WINTER SITTINGS

PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL

APPROPRIATION (NO. 1) (PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY ACT CONSEQUENTIAL MODIFICATIONS) BILL

APPROPRIATION (NO. 2) (PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY ACT CONSEQUENTIAL MODIFICATIONS) BILL

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) (PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY ACT CONSEQUENTIAL MODIFICATIONS) BILL

Purpose of the Bills

The purpose of the bills is to make necessary legislative changes to enable legislation of Commonwealth entities to align with the introduction of the provisions of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and ensure continuing valid access to, and use of, public resources.

The bills will:

• amend more than 250 Acts and related regulations involving matters covered by the provisions of the PGPA Act;

• repeal the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997 and their related regulations; and

• make related transitional and savings provisions.

Reasons for Urgency

The introduction and passage of the bills in the Winter sittings is integral to the provisions of the PGPA Act coming into effect on 1 July 2014. Passage of the bills prior to 30 June 2014 provides certainty in relation to the specific financial legislation that governs the actions of Commonwealth entities and ensures that they have legal authority to continue to undertake activities and make payments on behalf of the Commonwealth beyond that date.

Question agreed to.

Second Reading

Senator CORMANN (Western Australia—Minister for Finance) (13:27): I present the explanatory memoranda and I move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2014

Today I bring forward a package of four bills to support the implementation of the Public Governance, Performance and Accountability Act 2013 (the PGPA Act).

The PGPA Act will replace, from 1 July 2014, the existing model for Commonwealth financial management established through the Financial Management and Accountability Act 1997 (FMA Act) and the Commonwealth Authorities and Companies Act 1997 (CAC Act). The PGPA Act will become the primary resource and governance legislation for Commonwealth entities and companies.
The PGPA Act marks an important evolution in public sector management, in the same way that the introduction of the FMA Act and the CAC Act did, more than 15 years ago.

The PGPA Act was passed in the last days of the last Parliament. While the Government, then the Opposition, supported the aims of the reform process enshrined in the PGPA Act, we understandably had concerns about how its underlying principles would work in practice.

The Government continues to support the aims of the PGPA Act and places great importance on ensuring it is properly implemented.

The PGPA Act consolidates under one law the governance, performance and accountability framework for the Commonwealth and relevant entities. Detailed arrangements on how these principles will be applied are to be set out in the PGPA Rule.

The package of Bills I am introducing today involves:

- the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014 (the PGPA C&T Bill); and
- three bills to modify the application of the annual Appropriation Acts for 2014-15 (once passed by the Parliament) and for the two previous financial years.

The PGPA C&T Bill would, if enacted, amend more than 250 Acts across the Commonwealth to support the implementation of the PGPA Act and its related rules and instruments.

As you can see from the sheer size of the legislative package the effect of these amendments goes across all of government and is essential to effective implementation of a new resource and governance framework.

The legislation affects every portfolio, covering amendments ranging from the Auditor-General Act to the Water Act and many in between.

The legislation covers the details on when certain provisions of the PGPA Act start and when certain provisions of the FMA and CAC Acts cease operating.

It is extensive and wide-ranging in its coverage and ensures that legislation currently based on the working of the FMA and CAC Acts can work under the PGPA arrangements.

This includes clarifying where Commonwealth entities should operate in a consistent fashion and where, as a result of decisions by Parliament, an entity has particular obligations that depart from the standard approach – as in the case of the Parliamentary Departments or the Reserve Bank or the Research and Development Corporations.

The Bill would also amend the Public Service Act 1999 to address a recent recommendation of the Parliamentary Joint Committee of Public Accounts and Audit (the JCPAA).

In considering the development of draft rules under the PGPA Act, the JCPAA recommended that the Department of Finance and the Australian Public Service Commission work collaboratively to develop amendments to the PGPA Act and the Public Service Act to reduce potential confusion regarding the duties for public officials and the Australian Public Service (APS) Code of Conduct for APS employees. This is being achieved through making amendments to the Code of Conduct to align the wording of the Code with the general duties of officials in the PGPA Act.

To ensure continuing alignment with the Public Service Act, the Bill also proposes making amendments to the Parliamentary Service Act 1999 and its Code of Conduct similar to those proposed for the PS Act.

I wish to thank the Speaker and the Senate President for their prompt consideration of - and support for - these proposed changes.

The amendments to these two Acts will complement amendments to the duties of officials under sections 25-29 of the PGPA Act that were moved on the floor of this House on 4 June 2014 to amend
the Public Governance, Performance and Accountability Amendment Bill 2014, and would ensure an improved alignment of the duties of officials under the PGPA Act with the corresponding duties under the PS Act and the Parliamentary Service Act.

The other three Bills in this package modify the application of the annual Appropriation Acts for 2014-15 (once passed by the Parliament) and for the two previous financial years. These Bills are designed to change the terminology in existing Appropriations Acts from the current financial legislation to the equivalent PGPA Act terminology.

Separate Bills are needed, rather than just making the amendments through the PGPA C&T Bill, as an Appropriation Act can only be amended by a subsequent Appropriation Bill.

These Bills are split to cover Appropriation Acts across the three years dealing with:

- the ordinary annual services of government contained in Appropriations Acts No. 1, 3 and 5,
- other amounts included in Appropriations Acts No. 2, 4 and 6; and
- the Parliamentary departments.

They confirm the continuing ability of entities to access the appropriations approved by the Parliament.

The package of Bills I am introducing today would, if enacted:

- update references in Commonwealth legislation from the FMA Act and CAC Act to the new financial framework,
- simplify enabling legislation where provisions of the PGPA Act cover an issue previously dealt with in enabling legislation, and
- provide a more streamlined approach to resource management and governance matters across government.

These Bills arise from the development of the detail needed for the implementation of the PGPA Act.

While the changes are technical in nature they provide greater certainty in relation to the operation of the Act as well as supporting the design of more operationally effective supporting rules.

The Bills, if enacted, will support the PGPA Act and simplify the regulatory requirements and contribute to long-term efficiencies, in terms of achieving improved governance, transparency and accountability arrangements for Commonwealth entities (including both non-corporate Commonwealth entities and corporate Commonwealth entities) within the Australian Government.

They are part of a broader public management reform agenda that is intended to support the government’s deregulation agenda and the active management of risk in delivering services to the Australian community.

Officials who are better able to engage with risk are less likely to develop regulatory frameworks which are unnecessarily prescriptive and out of step with commercial practice.

These Bills represent, accordingly, another crucial step to help ensure the smooth transition to a more effective financial framework for the Commonwealth.

I commend the Bills.

PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY (CONSEQUENTIAL MODIFICATIONS OF APPROPRIATION ACTS (No. 1), (No. 3) AND No. 5)) BILL 2014

As I outlined previously, today I bring forward a package of four bills to support the implementation of the Public Governance, Performance and Accountability Act 2013 (the PGPA Act).

I now introduce the second of those Bills, the Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 1), (No. 3) and No. 5)) Bill 2014.
This legislation, which commences operation on 1 July 2014 this year, will replace the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997 as the primary financial framework legislation of the Commonwealth. The PGPA Act, which is one element of what was known as the CFAR, the Commonwealth Financial Accountability Review reforms, which Labor undertook when we were in government and whilst I was minister for finance, will consolidate in one piece of legislation all of the governance, performance and accountability requirements for Commonwealth government entities. This legislation aims to improve transparency and consistency across Commonwealth operations. It is designed as an evolution to the existing financial framework,
containing new elements which are designed to improve the quality of public financial management in the Commonwealth.

I should make the point to the chamber that notwithstanding that we have facilitated passage of this legislation there has been a very considerable amount of consultation, consideration and scrutiny of this legislation. The original act, the PGPA Act, was subject to a two-year consultation and consideration process prior to being passed by the parliament last year. The PGPA Act sets out the principles of a coherent financial framework for all Commonwealth entities and aims to create a framework where Commonwealth entities have the flexibility and incentives to adopt appropriate systems and processes to achieve their objectives both efficiently and effectively.

We on this side of the chamber recognise that the amendments contained in these bills facilitate the transition from the existing financial framework, which is governed by the FMA Act and the CAC Act, to the new framework which will be governed by the PGPA Act from 1 July, 2014. In fact I note that there was a deliberate process, from the passage of legislation in the parliament last year to the commencement of the PGPA Act on 1 July this year, to ensure sufficient time for the development of supporting rules and to give effect to the operation of the PGPA Act and an assessment of any consequential amendments required to the legislation. The primary bill before the chamber, the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014, is a result of this process. That bill: replaces references to the FMA and CAC Acts with the equivalent provisions in the PGPA Act; simplifies enabling legislation where the provisions of the PGPA Act cover a matter which was previously dealt with in that enabling legislation; and amends enabling legislation to clarify which matters, and to what extent, are covered by the act, and which matters, and to what extent, are covered by the enabling legislation. Examples of this are disclosure of interest arrangements. There are amendments to over 250 Commonwealth acts to ensure the proper implementation of the PGPA Act. This is a substantial legislative exercise.

The main bill also has provisions to provide clarity in relation to provisions in the act which would commence after 1 July 2014 and provisions within the existing financial framework which would continue to operate beyond 1 July 2014. An example of that is that entities with existing requirements to produce a corporate plan will continue to do so for the 2014-15 financial year under the requirements of their enabling legislation before those provisions cease to have effect. Similarly, provisions in relation to the presentation of audited financial statements and annual reports will continue to apply after 1 July 2014 in relation to matters for the 2013-14 financial year until those reporting obligations have been met.

There are of course other bills associated with this bill and they relate, in part, to amendments to the appropriations bills to ensure that Commonwealth entities have access to the funding approved by the parliament. As the chamber would be aware, funding in the appropriation bills is appropriated to Commonwealth entities on the basis of their status as FMA Act or CAC Act bodies, and the appropriation acts require amendments so such funding can be provided under the new framework. We hope that the amendments in the bills being debated before the chamber ensure a smooth transition to a new financial framework which was commenced whilst we were in government and developed in part. Before I move to the cleaners issue, I would like to recognise the work of the very many officials in the
Department of Finance, some of whom are here today, in both the consultation and development of this legislation and financial framework that has been undertaken.

However, Labor does have concerns about the impact of some specific items in this bill, in particular items 28, 29 and 30 of the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014. We understand that the combined effect of these items, the repeal of section 64 and 65 subsection 2 of the existing FMA Act, means that the legislative basis for the Commonwealth Cleaning Services Guidelines is removed. I have one or two questions in committee, and I will ask the minister about that. These cleaning services guidelines were introduced whilst I was Minister for Finance, and removing the legislative basis for these guidelines would represent an attack on some of the Commonwealth's lowest-paid workers—the people who clean our offices and clean this building. We say that it is a clear indication of the values of the Abbott government that it seeks to attack lowpaid workers in this way. The Senate may recall the hype around 'repeal day'. All those amendments that the government boasted about had examples including an act that stipulated that the owner of a mule or a bullock 'required for naval military purposes' shall furnish it for such purposes and the owner may have to register it from time to time, or removing the hyphen from the word 'email', or changing the phrase 'facsimile transmission' to 'fax'. But in the middle of these relatively harmless changes there was one substantial change, and that was the move to abolish the Commonwealth Cleaning Services Guidelines under the guise of red tape. Axing these guidelines which regulate the minimum pay and conditions for cleaners employed under Australian government cleaning services contracts is unjustified—completely unjustified.

This government tried to bury this attack on minimum conditions for cleaners—some of Australia's lowest-paid workers—amongst some other 8,000 regulatory changes. This attack on the wages and conditions of some of the lowest-paid workers—certainly in this place—in this country, cleaners, came without any warning. In fact, it was done very quietly. There was an announcement on the Department of Employment's website saying that it would be done. Now, with the introduction of these bills, we see how these guidelines will be abolished from the government's perspective.

People might recall prior to the election the Prime Minister said he would not touch workers' pay and conditions. He promised he would not cut wages or penalty rates. Well, cleaners in this place and cleaners under these guidelines stand to lose up to $344 per week because of this government's decision—a cut from the Clean Start rate of just over $22 per hour to the award rate of $17.49 per hour. This hit to cleaners, who we know are already some of Australia's lowest-paid workers, under the guise of removing red tape, shows just how ideologically driven this Abbott government is. We already know that this government's first budget has acted to hurt many low- to middle-income Australians, and now through these bills the government is seeking to cut the pay of some of Australia's lowest-paid workers. I recall the Prime Minister standing in the other place on Monday, 16 June, and saying that there were no cuts to cleaners' pay. He said:

I want to make it absolutely crystal clear that no cleaner's pay is reduced... This government has not reduced the pay of any cleaner full stop, end of story. This government has not reduced the pay of any cleaner.

**Senator Abetz:** That's right.
Senator WONG: The Leader of the Government in the Senate is at the table, and he says that is right. Those opposite may not understand that going from a pay rate of $22.02 an hour to a rate of $17.49 an hour under the award is a reduction. But, let me tell you, the cleaners and their families understand that.

Labor will continue to oppose any abolition of the guidelines that apply to cleaners working for Australian government agencies and contractors. We will not support that move, including in the bills that are before the Senate today. And, as I flagged, we will move an amendment when these bills are considered in committee—an amendment that seeks to protect the guidelines from being abolished as a consequence of the adoption of the new legislative framework from 1 July 2014.

We understand—and I want to confirm this in a minute with the minister—that inserting this section into schedule 2, part 2 of the PGPA (Consequential and Transitional Provisions) Bill will mean that through the operation of item 60 of the bill the guidelines will not cease to continue to be in force. That is, this amendment ensures that the guidelines will not be abolished as a result of the passage of this legislation. If supported, the amendment would allow for the continuation of the guidelines due to the operation of item 60.

I look forward to the government’s support for the maintenance of these guidelines into the future. Labor will support these bills at the second reading and will support their passage subject to agreement to the amendment that I will move in the Committee of the Whole.

Senator CORMANN (Western Australia—Minister for Finance) (13:38): I thank Senator Wong for her contribution to the debate on behalf of the opposition and also for facilitating efficient consideration of these bills through the Senate. As Senator Wong mentioned, the Public Governance, Performance and Accountability Act was passed in June 2013 and is due to come into effect on 1 July 2014. Many of the amendments in these consequential bills merely insert cross-references to the PGPA Act and over 250 other acts to displace references to two predecessor financial management acts. The consequential revisions ensure that governance acts for Commonwealth government bodies are not rendered ineffective in part or whole by the changeover to the PGPA regime.

Likewise, the three appropriation modification acts ensure that government entities are able to access all current appropriation acts that the parliament has previously approved. The consequential and transitional provisions in these bills are the result of extensive consultation involving about 200 Australian government bodies and other interested stakeholders from December 2013 through to February 2014. They also address all of the bipartisan recommendations that were made by the JCPAA after an extensive inquiry into this legislation.

The Leader of the Opposition in the Senate has flagged an amendment in relation to the Commonwealth Cleaning Services Guidelines 2012. I understand that your position is that you are keen to ensure that there remains a legal basis for these guidelines after these bills are passed through the Senate, and I can confirm that, while of course the government, as has previously been indicated, is not supportive of the guidelines themselves, to ensure timely commencement of this legislation as an act the government will not oppose this amendment. I commend the bills to the Senate.

Question agreed to.
Bills read a second time.

In Committee

Bills—by leave—taken as a whole.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (13:41): I move the amendment on sheet 7502 circulated in my name:

Schedule 2, page 28 (after line 15), after item 58, insert:

58A Guidelines

The amendments to section 65 of the FMA Act made by this Schedule do not affect the continuity of the Commonwealth Cleaning Services Guidelines 2012, as in force immediately before the commencement time.

In moving that amendment, I would ask the minister to just confirm that the effect of the amendment is that, absent other action by the Commonwealth, the Commonwealth Cleaning Services Guidelines 2012 continue in force.

Senator CORMANN (Western Australia—Minister for Finance) (13:42): I indeed confirm that. And, as I indicated in my summing-up speech, the government will not be opposing this amendment in the interests of facilitating passage of this very important piece of legislation.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (13:42): And the minister said in his second reading speech that the JCPAA's recommendations had been responded to. Perhaps he could just provide a little more detail on that and also indicate the view of the Auditor-General.

Senator CORMANN (Western Australia—Minister for Finance) (13:43): Essentially nine of the recommendations have been implemented in full and a 10th recommendation in part.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (13:43): Perhaps we will give the minister some opportunity to take a little more advice. When this matter went before the House of Representatives in the previous parliament some concerns were raised by the then shadow minister for finance, Mr Robb, about the passage of the legislation which ultimately were largely resolved. One of the concerns related to the views of the Auditor-General and the extent to which the Auditor-General's views had been taken up in terms of the timing and in terms of recommendations about the various rules that will be put in place. I think it would be useful, given that that evidence was given publicly, if the minister could perhaps address some of the Auditor-General's views.

Senator CORMANN (Western Australia—Minister for Finance) (13:44): As I have indicated, the JCPAA made 10 recommendations, and they are to be found in report 441, released in May 2014. They are:

Recommendation 1

The Committee recommends that the Department of Finance review all Public Governance, Performance and Accountability Act 2013 guidance material to improve consistency in:

- the context provided
- document structure
- distinguishing between mandatory requirements and good practice terminology

The government agrees and has adopted this recommendation.
Recommendation 2

The Committee recommends that the following additional guiding principle be included as one of the guiding principles for the Public Management Reform Agenda:

- The financial framework, including the rules and supporting policy and guidance, should support the legitimate requirements of the Government and the Parliament in discharging their respective responsibilities.

The government agrees, and in fact the additional guiding principle has been adopted and will be reflected in future reforms—for example, a submission from the Department of Finance to the Senate Finance and Public Administration Legislation Committee inquiry, on 6 June 2014, into the amendments for the Public Governance, Performance and Accountability Act 2013 adopted this additional guiding principle, on page three.

Recommendation 3

The Committee recommends that the Department of Finance work to ensure that any necessary amendments are made to the Auditor-General’s Act 1997 such that the Australian National Audit Office has the power to audit the full planning, performance and accountability framework under the Public Governance, Performance and Accountability Act 2013.

The government agrees, and the PGPA amendment bill included a note to section 40 to put beyond doubt the continuing power of the Auditor-General to conduct a performance audit of a Commonwealth entity at any time.

Recommendation 4

The Committee does not recommend a change to the Public Governance, Performance and Accountability Act 2013 (PGPA Act) at this time, to address the potential confusion from dual coverage with the Public Service Act 1999 (PS Act).

Instead, the Committee recommends that the Department of Finance and the Australian Public Service Commission work together to draft the necessary amendments to the PGPA Act and/or the PS Act to remove overlaps and reduce potential confusion from dual coverage, and that amendment proposals be put to the Parliament.

The government agrees, and indeed Finance has worked collaboratively with the APSC and the Department of Parliamentary Services and has agreed to amendments to the PGPA Act, to the Public Service Act and to the Parliamentary Service Act 1999, to achieve greater alignment in the duties of officials and to reduce the potential for confusion.

Recommendation 5

The Committee recommends that the Department of Finance (Finance) amend the draft guidance to s17 and s28 of the draft Public Governance, Performance and Accountability Rule 2014 to emphasise that nothing in the draft rule precludes the chair, chief executive officer and chief financial officer of a Commonwealth body from attending audit committee meetings as an observer. Finance should also widely communicate this point.

The government agrees. Finance has amended the guidance for audit committees accordingly.

Recommendation 6

The Committee recommends that draft rule s18 (Approving commitments of relevant money) of the Public Governance, Performance and Accountability Rule 2014 be amended to explicitly place an obligation on all individual officials to consider proper use and management of public resources before approving commitments of relevant money.

The government agrees.
Recommendation 7

The Committee recommends that the issue of commitments of relevant money, and the appropriateness of spending limits and associated documentation requirements set by accountable authorities, be included by the Department of Finance in the first independent review of the Public Governance, Performance and Accountability Act 2013.

The government agrees, and the PGPA Act requires the Minister for Finance, in consultation with the JCPAA, to undertake an independent review of the operation of the act and the rules—that is, section 112. The substance of this JCPAA recommendation will be considered as part of that review.

Recommendation 8

The Committee recommends that the draft guidance material supporting s18 (Approving commitments of relevant money) of the Public Governance, Performance and Accountability Rule 2014 be amended to include discussion of the reasonable use of, and the risks involved in, officials approving aggregate expenditure proposals.

The government agrees, and Finance has indeed amended the resource management guidance.

Recommendation 9

The Committee recommends that the Department of Finance continue its consultation process with stakeholders on the Public Governance, Performance and Accountability Act 2013 rules development for the post July 2014 rules and the broader Public Management Reform Agenda, based on the comprehensive consultation approach taken to date.

The government agrees, and Finance intends to continue its consultation process with stakeholders post July 2014.

Recommendation 10

The Committee recommends that the Department of Finance prepare and communicate a plan clearly outlining the anticipated dates for development and consultation of all future rules and guidance materials under the Public Governance, Performance and Accountability Act 2013, and the broader Public Management Reform Agenda.

The government agrees. Finance intends to communicate the plan for other areas of the public management reform agenda, and also consult on rules and guidance.

In the interests of completeness, in relation to recommendation 6, the government agrees with the intent of that recommendation but we are still working our way through on how best to give effect to it in practice and in detail.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (13:50): Minister, I did not understand the last contribution you made, which I think was a recommendation you were still considering.

Senator CORMANN (Western Australia—Minister for Finance) (13:50): As I indicated right at the beginning, we essentially agree with all 10 recommendations. We agree in full with nine recommendations. With recommendation 6 we agree in principle. PGPA rule 18, which recommendation 6 relates to, has been redrafted to address the JCPAA recommendation. However, we are still working through some of the details on the obligations on all officials in relation to the commitment of public moneys and in relation to the mechanisms that are used in order to achieve the intent of that recommendation. We have not reached a final point in terms of how that guidance will be finalised.
Senator WONG (South Australia—Leader of the Opposition in the Senate) (13:51): There are a couple more issues. I would appreciate the minister's response to the following, and if he could do this in simple terms that would be good. One of the points that has been made to the members of the opposition, including me, concerns the removal of the CAC Act-FMA Act or CAC agency-FMA agency distinction, which, for those students of the history of the financial framework of the Commonwealth was one of the key strengths asserted in the 1997 framework. In bringing them together, how have some of the risks that might be associated with that been managed in this legislation?

Senator CORMANN (Western Australia—Minister for Finance) (13:52): The distinction is between non-corporate and corporate entities and, essentially, it is now dealt with in the same way.

Bill, as amended, agreed to.

Bills reported with amendments; report adopted.

Third Reading

Senator CORMANN (Western Australia—Minister for Finance) (13:53): I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.

Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014

In Committee

Debate resumed.

The TEMPORARY CHAIRMAN (Senator Smith) (13:54): The committee is considering the Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014. The question is that the bill stand as printed.

Senator SIEWERT (Western Australia—Australian Greens Whip) (13:54): I will just recap where we are up to. Yesterday, Senator Xenophon asked a series of questions around the impact of this legislation and the impact of the amendments which repeal the re-registration process. He was particularly focused on the impact of pesticides and chemicals on bees, given the concerns around hive loss and bee decline, which we do not have a lot of numbers around. I have a series of questions around some of the chemicals that are banned in the EU and other places around the world and claims that Senator Colbeck made yesterday in the debate that, in fact, they had not been banned. So I will just flag that I have got some questions there.

I now move amendment 1 on sheet 4785:

1 Schedule 1, page 7 (after line 14), after item 31, insert:

31A At the end of section 31 of the Code set out in the Schedule

Add:

(4) The APVMA must, as soon as is reasonable after the commencement of this subsection and in accordance with this Division, reconsider:
(a) the approval of an active constituent for a proposed or existing chemical product, if subsection (5) applies to the active constituent; or

(b) the registration of a chemical product, if subsection (5) applies to the chemical product.

(5) This subsection applies to an active constituent or chemical product if, at the commencement of this subsection, the active constituent or chemical product:

(a) is included in Schedule 7 to the current Poisons Standard (within the meaning of the Therapeutic Goods Act 1989); or

(b) is categorised as any of the following under the Globally Harmonised System of Classification and Labelling of Chemicals of the United Nations:

(i) Category 1A or 1B carcinogen;

(ii) Category 1A or 1B germ cell mutagen;

(iii) Category 1A or 1B reproductive toxicant;

(iv) Category 1 chronic hazard to the aquatic environment; or

(c) is included in Class 1a or 1b of the WHO Recommended Classification of Pesticides by Hazard of the World Health Organization; or

(d) is listed in Annex A to the Stockholm Convention on Persistent Organic Pollutants, done at Stockholm on 22 May 2001, (the Stockholm Convention); or


(e) taking into consideration the criteria in paragraph 1 of Annex D to the Stockholm Convention, exhibits the characteristics of persistent organic pollutants; or

(f) is listed in Annex III to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, done at Rotterdam on 10 September 1998; or

Note: The Convention is in Australian Treaty Series 2004 No. 22 ([2004] ATS 22) and could in 2014 be viewed in the Australian Treaties Library on the AustLII website (http://www.austlii.edu.au).

(g) is a controlled substance (within the meaning of the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Montreal on 15 September 1987); or


(h) is an active constituent or chemical product possession of which is generally prohibited under the law of Canada, the European Union, New Zealand or the United States that corresponds to this Code; or

(i) has shown a high incidence of severe or irreversible adverse effects on human health or the environment.

This amendment seeks to address some of the concerns that we have with the repeal of the re-registration. I will just describe what the amendment does and go through it in a bit more detail. We believe that there is no doubt that some agricultural and veterinary chemicals have damaged human and environmental health—and I do not think anybody in this place has argued that that is not the case—and that they continue to pose risks both to human health and to environmental health. Risk management, we believe, should be at the core of any registration program, and those chemicals that pose unacceptable and unmanageable risks should not be permitted in Australia. We want the approach to risk taken by the Australian Pesticides and Veterinary Medicines Authority, commonly known as the APVMA, to reflect
contemporary science in toxicology and regulatory approaches and reflect approaches that happen in other countries. We are concerned that this is currently not the case.

Yesterday I went through in a bit more detail how some of the chemicals and pesticides that are currently on the register have been grandfathered. Despite claims to the contrary, they have not been adequately assessed and, if they were assessed a significant period of time ago, some of that information has now been lost. There is absolutely no doubt that we have chemicals and pesticides currently in use in Australia that do pose unmanageable risk. There is also no doubt that the current more ad hoc approach that is taken means that assessment of agricultural and veterinary chemicals and pesticides has been taking a significantly long period of time.

Our argument is that not only does that long period of time mean that those chemicals are being used in the environment, continuing to affect human health and the environment, but the length of time and doubt that has passed over the continued use of these pesticides and chemicals ties up resources of farmers. It means that farmers and industry are not encouraged to look for other alternatives to management. That may be area wide management, which we are talking about with fenthion, and in that process you may not just be looking for one solution. Without the re-registration scheme and its associated regulations, there is still too much discretion being given to the APVMA to determine undue hazard to the safety of people and the environment. Without a suitable framework in which to operate, this poses further risk.

The amendment that I have moved here is in fact no substitute for a proper re-registration scheme, but it will add to the criteria for reassessment; it will operate to ensure that there are some clear and transparent criteria for the APVMA in its decision making about whether it should go ahead and reassess.

Progress reported.

QUESTIONs WITHOUT NOTICE

Indigenous Affairs

Senator Cameron (New South Wales) (14:00): My question is to the Minister for Indigenous Affairs, Senator Scullion. Can the minister confirm that the program Belonging to Family, which works with Aboriginal prisoners, and their families, to transition them back into the community, will not receive funding from 1 July 2014? Given the minister's previous statement that government cuts 'are not going to have an impact on the ground', I ask the minister: what will be the impact on the ground due to this funding cut?

Senator Scullion (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:01): I thank you for reminding me about my commitment to ensure that there is no impact on the services and my commitment that services would be funded for either six months, if they were in education, or for 12 months if they were not. But the decision about this process was actually made by yourselves, Senator Cameron. This process was not a decision that was made by us. I have looked carefully at your assessments. What happened was that, for people in exactly the same situation, you decided that they would be funded for an extra two years or three years, and some, it was decided, would only be funded for 12 months. But I have to say: I rarely do, but in this case—I have looked at the
performance indicators around this—I can understand why you made the decision. But, Senator Cameron, thank you for the reminder—

Senator Kim Carr: You've got the wrong program!

Senator SCULLION: No, not at all.

Senator Cameron: Mr President, I rise on a point of order. Could I draw the minister's attention to the question. There were two issues in this question. The minister has not got to the question. I think he is speaking about the wrong program.

The PRESIDENT: There is no point of order at this stage.

Senator SCULLION: Perhaps I can remind them. In 2013-14 the previous government looked carefully at 34 Indigenous justice related services, of which this is one, and then they made their decision, as I have said, that some would have 12 months worth of funding, some would have two years and some would have three years, based on their performance, particularly in terms of recidivist offending. And, as I said earlier, I agree entirely with their position.

Senator Cameron: Mr President, I rise on a point of order. It is on relevance. I asked about funding and I asked about impact, and the minister has not gone to impact.

The PRESIDENT: There is no point of order. Minister, you have got 10 seconds remaining.

Senator SCULLION: I think by and large I have answered your question, but, in terms of the impact, the funding was actually linked to whether or not you had an impact on the ground, and clearly you thought that that was not the case.

Senator CAMERON (New South Wales) (14:04): Mr President, I ask a supplementary question. I refer to the Indigenous Women's Legal Program—I repeat: the Indigenous Women's Legal Program—run for Indigenous women in remote New South Wales, which has just received a $300,000 cut to its funding. What will be the impact on the ground as a result of this funding cut?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:04): I would refer you, Senator Cameron—through the President—to my previous answer. This is a suite. You can have as many as you like of the 34. They were decisions made entirely by your government, and we have honoured them. As soon as they say that their funding has been cut, or a decision to cut any service, and the cut to the funding of that service is before December this year—and that comes into that case—then that cannot be us, because, as I have said, we have extended, either by six months or by 12 months. There are some—

Senator Moore: Mr President, I rise on a point of order. My point of order is on direct relevance, and the direct relevance in this question is the impact on the ground as a result of the cut. We have not got anywhere near the impact element.

The PRESIDENT: The minister still has 25 seconds remaining to address that part of the question.

Senator SCULLION: Those opposite made a decision about the continuation of services whilst they were in government. The effect of some of those decisions is now coming to the ground. I have to say that, on those decisions they made about only 12 months funding—so
those ones that would actually be ending on 30 June this year, and those funding cuts have been effected by their decisions—by and large, I agree with them.

Senator CAMERON (New South Wales) (14:06): Mr President, I ask a further supplementary question. Can the minister outline to the Senate how cutting programs that strengthen Indigenous family relationships, reduce reoffending and improve access to justice for Indigenous women will not have any impact on the ground?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:06): First of all, there are only a relatively small number of programs that you only decided to fund for a year which end this year. The majority of the 34 programs will still remain. As for their impact on the ground, they were actually judged by you to be not particularly effective on the ground, using issues like the recidivist rate and whether the program's objectives actually worked. As I have indicated to you in my two prior answers, Senator Cameron, I thought, on the balance, that your assessments, the previous government's assessments, were reasonable.

Asylum Seekers

Senator EGGLESTON (Western Australia) (14:07): My question is to the Assistant Minister for Immigration and Border Protection, Senator Cash. Can the minister inform the Senate which agencies and personnel have been deployed in the implementation of Operation Sovereign Borders, and what has been achieved?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:08): I thank Senator Eggleston for what is his final question in this place and I acknowledge his 18-year contribution to the Australian Senate. Senators will be aware that less than a fortnight after the Abbott government was sworn in, the joint agency task force was created to implement the policies associated with Operation Sovereign Borders. The joint agency task force is staffed by approximately 470 people from a range of agencies and departments. These include the Australian Customs and Border Protection Service, the Australian Federal Police, the Department of Immigration and Border Protection and the Australian Defence Force, along with staff from other departments and agencies. OSB is a professional operation staffed by dedicated, talented and experienced men and women. Their proficiency is clearly demonstrated by the results they have achieved to date. Let me remind senators that it has now been 189 days since the last successful people-smuggling venture to Australia. By contrast, under Labor former minister Brendan O'Connor only lasted 147 days as immigration minister and during that time 12,284 IMAs arrived on 184 boats. Former minister Tony Burke lasted just 79 days in the job, during which time 6,639 IMAs arrived on 83 boats.

This government is implementing the policies that work with the people and the resources that we have on hand and they are men and women who are dedicated and professional. I applaud, as do the Liberal Party and the National Party, their commitment to our nation.

Senator EGGLESTON (Western Australia) (14:10): Mr President, I have a supplementary question. Will the minister advise the Senate whether resources the government has used to stop illegal boat arrivals were available to the former government and whether resources have been the only factor in stopping illegal boat arrivals?
Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:10): The resources that are being utilised by this government are the exact same resources that were available to the former government. The difference clearly is that the former government chose not to use them. As Minister Morrison himself has stated, they are the same people that are there that the previous government had. The fundamental difference between this government and the former government is that the policies have changed, the resolve has changed, the leadership has changed, the direction has changed and the orders and the support and the sense of purpose have changed. We urged the former Labor government to reimplement our policies when they made the disastrous decision back in August 2008 to wind them back. The Australian people are under no illusion as to what it takes to stop the boats, and that is the resolve of the Abbott coalition government.

Senator EGGLESTON (Western Australia) (14:11): I have a second supplementary question, Mr President. Can the minister outline to the Senate the government's commitment to the men and women who implement the government's policy, and why is it important to provide clear support for these dedicated people?

Senator CASH (Western Australia—Assistant Minister for Immigration and Border Protection and Minister Assisting the Prime Minister for Women) (14:12): In commencing my answer to Senator Eggleston's question I will confirm that it was the former government which dumped 30,000 people into the community and did not process one of them. We are now cleaning up the legacy caseload. But, uniformed or not, what the men and women do in protecting our borders and facilitating trade and travel and in their immigration, customs and border protection duties on a daily basis is outstanding. Many of our officers place themselves in harm's way, risking their own personal safety to save the lives of others, often in difficult circumstances requiring not only the ability to act but managing resulting trauma for themselves, for their colleagues and for those rescued, some of whom would have lost their family members in the same incidents. This takes courage, commitment and selflessness, and above all it takes excellence. I, like all members of the Abbott government, wholeheartedly support and commend the men and women who so successfully implement government policy.

Tasmanian Shipping and Freight

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:13): My question is to the Minister representing the Prime Minister, Senator Abetz. I refer to the Productivity Commission review of Tasmanian shipping and freight commissioned by the Abbott government. Does the minister agree with the finding of its review that the Tasmanian Freight Equalisation Scheme, the Bass Strait Passenger Vehicle Equalisation Scheme and the Tasmanian Wheat Freight Scheme are 'not the best way to advance Tasmania's economic development'?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:13): As the honourable senator would know or indeed should know, this is a report to government, not a report of or from the government. The government made it perfectly clear that it was absolutely committed to the maintenance of the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme. The first scheme was introduced
under the Fraser government, the second scheme under the Howard government. Coalition governments are very proud of those initiatives and this successor coalition government is similarly proud of those initiatives. What we want to do is to ensure that those schemes work to the maximum benefit of the Tasmanian economy. That is why we commissioned the review. We are now considering the review’s proposals but I assure Senator Urquhart and indeed all Tasmanians that the government is absolutely committed to the scheme.

In relation to the last scheme to which the honourable senator referred, the Tasmanian Wheat Freight Scheme, that is a scheme that has fallen into disrepair through nonusage over the last two years, if I recall correctly, because most of the wheat is no longer being taken to Tasmania by bulk but in containers and it therefore falls under the Tasmanian Freight Equalisation Scheme. In those circumstances, and the government has not fully determined its position, if a scheme is no longer being used, having been superseded by a newer scheme, namely the Tasmanian Freight Equalisation Scheme, there may possibly be an argument for it to no longer continue because nobody is using it anyway. Having said all that, we are absolutely committed to the Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:15): Mr President, I have a supplementary question. Does the minister agree with the findings of its review that the privatisation of TT-Line and TasPorts should be on the table?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:16): The privatisation of ports and the privatisation of TT-Line is a matter completely within the province of the state government, led so very ably by the Premier, Will Hodgman.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:16): Mr President, I have a second supplementary question. I refer to the position of the Tasmanian infrastructure minister, Rene Hidding, that the privatisation of state assets is 'not necessary'. Does the minister back Mr Hidding or the outcome of the government's own review?

Senator McEwen: That's a conundrum.

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:16): For Senator McEwen, no, it is not a conundrum. This is not a report from government—it is a report to government. It is, as I said also in the first supplementary answer, the case that all these matters of privatisation lie in the field of the state government. If the state government has made the announcement, then that is the way it is going to be. We do not run TasPorts; nor do we run TT-Line. That is very simple.

Climate Change

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:17): My question is to the Minister representing the Prime Minister, Senator Abetz. If circumstances do not change, Australia will be left with no Direct Action Plan, no carbon price and no emissions trading scheme. Will the government now move to a new emissions trading scheme, or is the Prime Minister prepared to leave the country with no economy-wide plan to tackle climate change?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:18): Mr
President, I thought the standing orders had something in them about hypothetical questions, and if ever there was a hypothetical question I would have thought this was it. In relation to the question posed to me about action on climate change and ensuring that there are fewer emissions going into the atmosphere, I would have thought a price indicator might have been helpful—for example, for fuel. But of course our good friends in the Australian Greens now think that is a very bad policy. We acknowledge that policy statement by the Australian Greens, as we have acknowledged the statements made by other parties that will soon be represented in this chamber. We as a government, as always, will seek to pursue the mandate entrusted to us by the Australian people. If this place, as it has from time to time, decides not to accept the will of the Australian people then so be it. Until we come to those bridges, I am not going to be engaged in hypothesising on what may or may not happen. Suffice it to say that this government is absolutely committed to getting rid of the carbon tax, which will go up again on 1 July because the Labor Party continues to keep it on life support. That is undermining the cost of living for many households and destroying jobs right throughout our economy. We as a government want to get rid of the carbon tax. On the other side of the ledger, we are completely committed to our Direct Action Plan and we will seek to implement that to achieve the outcomes that we put to the electorate not only in 2013 but also in 2010. It is a very sensible plan and a plan that has been aired in public for over three years.

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:20): Mr President, I ask a supplementary question. Given the Prime Minister's abhorrence of environmental regulation or so-called green tape and his desire to hand over environmental powers to the states, who would oversee compliance and enforcement of regulatory measures to implement Direct Action when it fails to secure legislative approval?

The PRESIDENT: Senator Milne, that is hypothetical. I will give you, as I have given others, the opportunity to rephrase your question.

Senator MILNE: Thank you, Mr President. I rephrase it by asking: will the government implement Direct Action through environmental regulation or so-called green tape?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:21): The senator ought to understand by now that just because you have a whole lot of regulation or indeed a whole lot of expenditure it does not necessarily mean that you are going to get a good outcome. The Greens have been tying up our nation time and time again with all this green tape, and that has perverse environmental outcomes. The biggest example of that is the carbon tax, which saw manufacturing leave this country to go to China and other places where the emissions are greater than they would have been had they remained in Australia in a pre-carbon tax environment. Green tape does not necessarily mean good environmental outcomes and that is why we as a government will look at every proposal on its merits and will seek to implement a policy that does deliver Direct Action without tying everybody up in green tape.

Senator MILNE (Tasmania—Leader of the Australian Greens) (14:22): To be really clear—does the government rule out regulation to implement Direct Action?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:22): The very simple answer to this is that we will do that which is necessary to implement Direct Action. That might mean some legislation, or it might need some funding or regulation. Whatever it
might need, we will seek to introduce our Direct Action Plan, and we look forward to the support of the Australian Greens in that. I am saying this on the last day of this Senate sitting, because I am engaging in a bit of wishful thinking in that regard. But the simple fact is that we are determined to introduce our Direct Action Plan which we have taken to the people not once but twice, and that we believe is a good, sound policy. We will seek to implement it in the best way possible. As to the details on how it might be implemented, I am sure that my good friend and colleague Mr Hunt will be able to provide you with all of the details that I might not be able to on this occasion.

**Aged Care**

**Senator BOYCE** (Queensland) (14:23): My question is to the Assistant Minister for Social Services, Senator Fifield. During Senate estimates last month, the minister informed the community affairs committee that the aged care Dementia and Severe Behaviour Supplement had significantly exceeded the funding allocated to it by the previous government. Could the minister update the Senate on the government's response to this blowout.

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:24): I thank Senator Boyce for the privilege of taking her last question in this place and acknowledge not only her incredible service in the community affairs committee but also the contribution she will continue to make in social policy in the future. Today I have announced that I have taken the decision to cease the Dementia and Severe Behaviour Supplement. As I recently explained at budget estimates, the supplement was introduced by the previous government and was designed to provide additional resources for providers who give care to people with severe behavioural and psychological symptoms of dementia. Unfortunately the supplement has not operated as anticipated, having gone well beyond the budget allocated to it by the previous administration. The previous government estimated that 2,000 people in residential care would be eligible for the supplement but, as at March 2014, more than 25,000 people were receiving it. This represents a twelvefold blowout in the eligibility estimates of the previous government. The supplement was budgeted at $11.7 million for this financial year; instead, it is anticipated that the cost in 2013 will not be $11 million but will be $110 million. Based on these figures there will be an almost tenfold blowout in expenditure and, according to projections from the Department of Social Services, if current claiming patterns continue, the $16 a day supplement will cost the government $780 million over four years from 2014-15, rather than the budgeted $52 million. Over 10 years it is likely to be in excess of $1.5 billion. It is clear to this government that the legacy of our predecessors is poor policy implementation leading to unintended consequences, and this supplement is emblematic of that. (Time expired)

**Senator BOYCE** (Queensland) (14:26): Given this tenfold blowout, could the minister inform the Senate further as to why he has taken this decision?

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:26): I have not taken this decision lightly, but there was no other responsible course of action in the circumstances. The status quo was clearly not an option, and I have taken this decision after consulting with the Aged Care Sector Committee and other experts. This is not a problem of the government's making, but it
did fall to this government to address the situation. The government is committed to continue working with aged-care providers and with consumers in support of people with severe behavioural and psychological symptoms of dementia.

Senator BOYCE (Queensland) (14:27): I have a second supplementary question, Mr President. In light of this decision, could the minister explain why it is important for governments to ensure that program design is aligned with the allocated funding?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:27): I have often said that economic policy and social policy are two sides of the one coin, that you cannot have a good social policy unless you have a good economic policy. I think this supplement represents another example of where bad policy is thwarting good social policy. It is crucial that governments understand that good intentions are not enough to ensure good policy, and we on this side of the chamber are unapologetically meticulous when setting out to help people in need with taxpayer dollars. As minister, it is my intention, as I know it is also the intention of all on this side of the chamber, to ensure that we do not repeat the mistakes of those opposite and that programs are aligned with their funding envelopes.

Indigenous Health

Senator STERLE (Western Australia) (14:28): My question is to the Minister for Indigenous Affairs, Senator Scullion. I refer the minister to the 'Deadly Choices' program run by the Awabakal Newcastle Aboriginal Cooperative, which empowers young Aboriginal people to make healthy lifestyle choices and has yet to receive information on government funding past 30 June of this year. Given that the organisation will have to terminate this program due to funding uncertainty, can you advise the Senate of what impact this will have on the ground for young Indigenous people of Newcastle?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:29): I am sorry, but I am not able to advise the senator on that particular issue. I will try to get the information by close of business today and I will table that if I am able to. I will have to take that on notice.

Senator STERLE (Western Australia) (14:29): Mr President, I ask a supplementary question. Is the minister aware of the Healing Foundation, which supports Indigenous Australians impacted by the stolen generation? Is this a front-line service or not? Can the minister guarantee that funding for this program will not be cut?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:29): I am not sure about your definition of a front-line service. But I do not really think that is material because I do not believe—and, again, I will ensure that I am correct—that there is a cessation of funding to that organisation.

Senator STERLE (Western Australia) (14:30): Mr President, I ask a further supplementary question. Given that the minister yesterday claimed this Prime Minister would 'accept the accountability which goes with being called the Prime Minister for Aboriginal and Islander people', why is the government cutting half a billion dollars from Indigenous programs and failing to provide certainty to front-line Indigenous organisations—who definitely need it most?
Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:30): I am very proud to be associated with a government that has a Prime Minister who is 'the Prime Minister for Aboriginal and Islander people'. I do not, however, accept the premise of the question. There will be no impact on front-line services—we have said that. It is simply inaccurate to say there have been cuts of $530 million. As I have said, as I will continue to say and as I will continue to ensure is the case, there is no impact on front-line services. In regard to the details, I said I would take them on notice.

Centre for Policy Development

Senator KROGER (Victoria—Chief Government Whip) (14:31): My question is to the Minister Assisting the Prime Minister for the Public Service, Senator Abetz. Can the minister advise the Senate of the government's response to recent criticism of the National Commission of Audit and the budget by the Centre for Policy Development in a paper dealing with public service efficiency?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:32): I have seen the report released by the Centre for Policy Development to which Senator Kroger refers. I reject its assertions. It employs all the usual criticisms. For example, it says things like 'the approach to achieving efficiency in the Public Service is too narrow', 'the efficiency dividend is too blunt a savings mechanism' and 'there should be more innovation and accountability measures'—all very wonderful for an academic treatise. On innovation and accountability, the Centre for Policy Development advocates 'temporarily implementing more permissive standards to create a window for experimentation with new techniques by front-line workers', 'front-line staff should be given the opportunity to question the accountability structures' and 'the discretion and monitoring functions should be subject to peer review'.

All this stuff is pretty worthy of a high distinction in modern left-wing ideology and theory but, might I say, not very practical. Indeed, you would be forgiven for believing that the CPSU or the CFMEU may have written the report. It is a very different thing when you are confronted with accumulated projected gross debt of $667 billion, interest payments of $1 billion per month and 14,500 secretly initiated public sector job cuts—all courtesy of the previous Labor-Greens government. In contrast to the meataxe approach advocated by former Labor Prime Minister Rudd, this government is taking a considered and methodical approach to achieving an efficient and sustainable Public Service.

Senator KROGER (Victoria—Chief Government Whip) (14:34): Mr President, I ask a supplementary question. Is the minister able to enlighten the Senate about the Centre for Policy Development's focus and funding sources?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:34): The Centre for Policy Development is another one of these public policy think tanks which claim to be independent and nonpartisan. In truth, like the patriotic-sounding Australia Institute, it is just another left-wing policy factory. The anodyne-sounding Centre for Policy Development is in fact funded by the CPSU, the CFMEU, Slater & Gordon, the Finance Sector Union and—not to leave the Greens out—the Graeme Wood Foundation. Indeed Nadine Flood, the national secretary of the Community and Public Sector Union, is one of the centre's board members.
The particular research in question was funded by the Community and Public Sector Union, the Becher Foundation and Slater & Gordon Lawyers. *Time expired*

**Senator KROGER** (Victoria—Chief Government Whip) (14:36): Mr President, I ask a further supplementary question—because I do want to hear more. What is the government's message to public servants concerned about improving innovation and professional accountability in the Public Service?

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:36): I thank Senator Kroger for this, her very last question in this place. Finding innovative approaches to improving public sector productivity is an ongoing focus of the Australian Public Service, but innovation has to occur in a context of sustainability. Unsustainable wage rises simply put jobs at risk. For instance, the 12 per cent wage rise currently being sought by the CPSU and ASU put the jobs of at least 10,000 public servants at risk. I suggest that the CPSU and the Centre for Policy Development be truly innovative by acknowledging the need for taxpayers' money to be spent in a sustainable way, something to which Senator Kroger has devoted her time in this chamber.

**Defence**

**Senator XENOPHON** (South Australia) (14:37): My question is to the Minister for Defence, Senator Johnston. The minister's announcement on 4 June in relation to the independent review of the air warfare destroyer project had little to say in relation to the Defence Materiel Organisation, which has more than 7,000 employees and a budget of over $7 billion, which is almost 40 per cent of the Defence budget. A report released this week by the Australian Strategic Policy Institute said in relation to the project and the DMO: 'It's hard to avoid the conclusion that planning was overoptimistic and production management less robust than was required. Many design changes were made to Australian requirements in materiel choices and Defence's project management doesn't seem to have accurately assessed the impact of those changes.' My question to the minister is: what role did the DMO play in the mishandling of the AWD project?

**Senator JOHNSTON** (Western Australia—Minister for Defence) (14:38): I thank Senator Xenophon. Some of the numbers that he has quoted are not entirely correct. When we came to government, the finance minister and I were confronted with advice that the air warfare destroyer program, a program that is very, very important to our national security, was in fact in serious trouble, notwithstanding two attempts during the life of the previous Labor government to reschedule it. The Auditor-General released a report earlier this year where he stated that there was about $300 million of cost overruns at that point and overall the project was then 21 months behind schedule. That is what we inherited.

We had also set the benchmark at 80 man-hours per tonne. The international benchmark is 60 man-hours per tonne for the construction of naval military ships. Currently the program is running at 150 man-hours per tonne. That is unsustainable and unacceptable, and we would be failing the taxpayer if Senator Cormann and I did not undertake some serious remedial action.

Senator Xenophon, I am sure you are aware that we took this action following an independent review to ensure we were setting the program on the right course because we want a sustainable, viable industry. There are potentially a further eight ships to follow, and
we want to see them built in Australia. But we are not going to build them at any price. We scoped this program very carefully. Some of the industry players have performed well but some have not. So we are sending a very specific message that this is unacceptable but that we want the industry to recover.

Senator XENOPHON (South Australia) (14:40): Mr President, I ask a supplementary question. Why was Australian industry, including the ASC in Adelaide, excluded from even tendering for the Navy's two new supply ships? And what impact did the problems of the DMO, identified by ASPI this week amongst others, have on the government's decision to exclude Australian industry from even tendering for this project?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:41): Again, I thank you for that question. It is a very good question and one that you must realise the government agonised over. We want to build military ships in Australia. HMAS Success, our replenishment ship, and HMAS Sirius, our oiler, are coming to the end of their lives. The vessel HMAS Success was commissioned in 1986. Something should have been done about that old ship sooner. We had to bring a Spanish replenishment ship out because HMAS Success needed repairs. That cost us quite a deal of money.

The fact is that we are looking at acquiring a 20,000-tonne or, following a tender contest, a 26,000-tonne vessel. The problem is that, if you know the Adelaide shipyard, the Melbourne shipyard and the Newcastle shipyard, you know we cannot build such a vessel in those shipyards.

Senator XENOPHON (South Australia) (14:42): Mr President, I ask a further supplementary question. Does the minister concede that there are problems with the performance and productivity of the DMO, as identified by ASPI this week, which in turn impacts on the ability of Australian shipbuilding to be considered to deliver our Navy ships as well as on the thousands of shipbuilding jobs in South Australia, Victoria and New South Wales?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:42): As the senator would know, we are commissioning a new white paper. But we are also commissioning a first-principles review of the way Defence, including the DMO, does its business. The reason we are doing a first-principles review is that we want to see Defence performing to its optimum and we want to see the DMO carrying out its functions and delivering programs for the Australian Defence Force cost-effectively.

The first-principles review will be key to the input into the white paper as to the reforms we must undertake inside Defence. The government is determined—

Senator Mark Bishop: Mr President, I rise on a point of order. The minister has received three questions from Senator Xenophon that go to the efficiency and effectiveness of the DMO. Apart from mentioning a first-principles review, he has explicitly refused to identify and answer the issues raised by Senator Xenophon. They are important matters. You should direct Senator Johnston to attend to them in the last 21 seconds of his answer.

The PRESIDENT: There is no point of order at this stage.

Senator JOHNSTON: I pause to thank the senator for his point of order and for his very learned contribution to strategic policy in Australia. What was his reward for being one of the principal contributors from the other side? To be sacked. (Time expired)
Budget

Senator JACINTA COLLINS (Victoria) (14:45): Mr President, may I take this chance to wish you well. My question is to the Assistant Minister for Health, Senator Nash. I refer the minister to her announcement yesterday of $9.2 million for the National Fetal Alcohol Spectrum Disorder Action Plan. I also refer to the $20.2 million commitment to this plan by the previous government. Why has the government cut $11 million from these critical programs?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:45): I will reiterate what I said yesterday: this government is absolutely committed to doing everything it can to address this very, very serious issue. Let's focus on the facts: those opposite did announce a $20 million action plan on 5 August, the first day of the caretaker period last year. However, two days later on 7 August the then Minister for Finance and Deregulation, Senator Wong, signed off on the PEFO, which shows only $9.2 million was in fact allocated to the FASD Action Plan. It clearly says in black and white that it was on 7 August.

Senator Jacinta Collins: If only you learned how to read the finance papers.

Senator NASH: I will take that interjection. Perhaps the senator might like to go and have a look. That is fact. There was $9.2 million allocated in PEFO on 7 August by the previous government for the FASD plan.

Senator JACINTA COLLINS (Victoria) (14:47): Mr President, I ask a supplementary question. Quite aside from any confidence in the minister's explanation on finance papers, let me ask her this: which elements of the National Fetal Alcohol Spectrum Disorder Action Plan will be removed as a result of the Abbott government's funding cut?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:47): While the senator might not like the answer, I would direct her to PEFO to actually see that the figure is $9.2 million, which would indicate to anyone who listened to my contribution in the chamber here yesterday that the $9.2 million from this government would be, on any reading, exactly the same figure. It is not indicating any cut at all. I very clearly indicated and outlined to the chamber yesterday exactly what government funding would be committed to ensuring that we address the very serious issue of FASD.

Senator JACINTA COLLINS (Victoria) (14:48): Mr President, I ask a further supplementary question. The minister has failed to answer my specific question in the last supplementary question—

The PRESIDENT: Order! Ask the question.

Senator JACINTA COLLINS: so I will ask it again. Which elements of the plan will not be proceeded with by virtue of your fiddle?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:48): It is, as we have canvassed in this place at previous times, a problem when your question is written without listening to the answers that ministers are giving. I very clearly said that the figure was exactly the same, so there is no cut. On the PEFO figures, there is $9.2 million indicated—
Honourable senators interjecting—

The PRESIDENT: Order, on both sides! Senator Nash is entitled to be heard in silence.

Senator NASH: Clearly, the figure of $9.2 million is the same in the PEFO entry of 7 August and the funding I committed yesterday. There is no cut. I have to say that it is extremely disappointing that the opposition is playing politics with an issue like this that is so important. This government is committed to addressing it.

Anzac Centenary

Senator BOSWELL (Queensland) (14:50): My coach turns into a pumpkin on Monday, so this will be my last question! My question is to the Minister Assisting the Prime Minister for the Centenary of Anzac, Senator Ronaldson. Can the minister advise the Senate how preparations for the dawn service at Gallipoli in 2015 are progressing? How many Australians will be at the dawn service on Anzac Day next year?

Senator RONALDSON (Victoria—Minister for Veterans' Affairs, Minister Assisting the Prime Minister for the Centenary of ANZAC and Special Minister of State) (14:50): It is a great honour for me to take Senator Boswell's last question. I thank him most sincerely for a quite remarkable contribution. Mr President, I would also like to acknowledge the presence of your wife, Sue, who has given you great support and, in doing so, has supported the Senate. Thank you very much.

In answer to Senator Boswell's question, I am very pleased to say that the preparations for the dawn service at Gallipoli next year are progressing well. Only last week, Australian and New Zealand officials had a series of bilateral meetings to lock in the arrangements for next year. We are working very closely with our brothers and sisters in New Zealand to make sure that this is a great success. The former government announced a ballot for the Gallipoli commemorations next year. There was a figure that was put in place by the Turkish government of some 10,500 people. I again place on the record our very grateful thanks to the government and people of Turkey for their support. There will be 8,000 Australians and 2,000 Kiwis.

When the ballot was first drawn there was a waitlist attached to that for people who had indicated they wanted to go on the waitlist, and I am very pleased to say today that the first of those waitlist applicants will be announced shortly. There will be some 102 double passes from those who have handed them in or said they no longer want to go. There will be 22 in the veterans category, 20 for their sons and daughters and 60 in the general public category. From day one, we said that we wanted to ensure that veterans and the sons and daughters of Gallipoli veterans were given the greatest opportunity to attend these commemorations, and this will ensure that occurs.

Senator BOSWELL (Queensland) (14:52): Mr President, I ask a supplementary question. Can the minister advise the Senate how many First World War widows will be attending the ceremony?

Senator RONALDSON (Victoria—Minister for Veterans' Affairs, Minister Assisting the Prime Minister for the Centenary of ANZAC and Special Minister of State) (14:53): Remarkably, there are 140 widows of those who served in Gallipoli still surviving. It is quite remarkable. The Prime Minister and I wrote to those 140 ladies last year, inviting them to come to Gallipoli at the invitation of the Australian government and to also bring a carer with
them at the government's expense. Remarkably and, I think, fantastically, some 15 of those ladies have indicated to date that they would like to come. We will of course work with them to conduct health checks to ensure that they are actually fit and able to travel to Gallipoli. I think it is just fantastic. The names of those ladies will be announced later in the year. I take this opportunity again to say that they will be part of an official delegation from this nation, which is very limited. It includes the Prime Minister, the Leader of the Opposition, me and the shadow minister.

Senator BOSWELL (Queensland) (14:54): Mr President, I ask a further supplementary question. Can the minister advise the Senate what the government is doing to ensure that tickets cannot be scalped or sold online?

Senator RONALDSON (Victoria—Minister for Veterans' Affairs, Minister Assisting the Prime Minister for the Centenary of ANZAC and Special Minister of State) (14:54): We are committed to ensuring that the dignity and solemnity of these commemorative services at Gallipoli next year is maintained, and I know that is the position of everyone in this chamber and Australia generally. I received a letter from the director of public policy at eBay on 17 April this year advising me that eBay would prevent listings for ballot tickets from appearing on their site, and I would like to publicly thank them for taking this initiative. We are doing everything to ensure that only those who are in the ballot or on the wait list will be at Gallipoli in 2015. It will not be possible to sell these tickets. It will not be possible to transfer these tickets. Everyone arriving at the site will have to confirm their identity before they are allowed in. We will leave no stone unturned to ensure that no-one who has not been part of the ballot process arrives on the peninsula next year and gains entry.

Asylum Seekers

Senator O'NEILL (New South Wales) (14:55): My question is to the Attorney-General, Senator Brandis. I refer to the decision of the High Court of 20 June 2014, which found a determination to limit the number of persons who may be granted a protection visa each year made by the Minister for Immigration and Border Protection was unlawful. Is it the policy of the Australian government that ministers should make administrative decisions in accordance with the law?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:56): Yes, Senator, it is.

Senator O'NEILL (New South Wales) (14:56): We would have loved a few of those short answers earlier in the week.

The PRESIDENT: Order! Just ask the question.

Senator O'NEILL: Mr President, I ask a supplementary question. I refer to Mr Morrison's statement that the High Court decision was not unexpected and contingencies have been put in place to deal with the next phase. Did the minister for immigration consult with the Attorney-General on these contingencies? And can the Attorney-General outline whether these contingencies, if there were some, will be lawful and comply with the orders of the High Court?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:56): All
decisions that this government makes will comply with orders of the High Court and all other relevant courts.

Senator O’NEILL (New South Wales) (14:57): Mr President, I ask a further supplementary question. Is the immigration minister right when he said following the judgement that the government policy has not changed? How can government policy not change when the High Court says it is unlawful?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:57): My understanding is that the High Court's decision was not directed to the policy itself. There is an important distinction, Senator. Of course, what Mr Morrison said was both right and lawful and consistent with the High Court's decision.

Budget

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (14:57): My question is to the Minister for Defence, representing the Minister for Infrastructure and Regional Development, Senator Johnston. Can the minister advise the Senate how the budget delivers on the government's commitment to build the roads of the 21st century?

Senator JOHNSTON (Western Australia—Minister for Defence) (14:58): I thank Senator McKenzie for the question and for her longstanding interest in infrastructure matters, particularly regional infrastructure matters. The coalition government has committed to a record $50 billion infrastructure package in the 2014-15 budget. The government investment in infrastructure across Australia will play a major role in building a strong and a prosperous economy, boosting productivity and creating thousands of new jobs. We have announced an $11.6 billion Infrastructure Growth Package, which is focused on delivering new infrastructure funding, including funding to expedite much needed projects like WestConnex, providing the infrastructure to support an airport in Western Sydney. The government's infrastructure package ensures that communities not on major highways also see the road upgrades they so desperately need by boosting funding to local roads through Roads to Recovery and the Black Spot Program and the commencement of the new Bridges Renewal Program. This is record-breaking, unprecedented infrastructure investment by an Australian government.

On top of the previous Labor government reducing infrastructure spending during their time in government, the six years of the Rudd-Gillard-Rudd governments saw productivity decrease by an average 0.7 per cent per year, after increasing by a very similar amount every year under the Howard government. So, in short, under Labor we went backwards.

Senator Sterle: Crap!

The PRESIDENT: Order! You need to withdraw that.

Senator Sterle: Sorry, Mr President. I withdraw that.

Senator JOHNSTON: I am just recovering from that expletive. Labor claimed to be committed to upgrading the Pacific Highway and the Bruce Highway—both absolutely crucial—but demanded fifty-fifty from— (Time expired)

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (15:00): Mr President, I ask a supplementary question. Can the minister advise the Senate of the specific budget
measures which will help to create road infrastructure to help ease congestion, boost productivity and create jobs?

Senator JOHNSTON (Western Australia—Minister for Defence) (15:00): The infrastructure package will fund a number of key projects across Australia. We will finish the duplication of the Pacific Highway from Sydney to Brisbane by the end of the decade, with $5.6 billion of real, cold hard cash investment. We will begin construction of the East West Link in Melbourne with a $3 billion investment. We will upgrade the north-south corridor in Adelaide, for Senator Xenophon's benefit, with $994 million worth of investment. There is $400 million for the Midland Highway in Tasmania, $111.1 million for the Majura Parkway in the ACT and $100 million to upgrade a number of roads and highways in the Northern Territory. We will continue to build a number of major upgrades around Perth in my home state of Western Australia, including Gateway for $611 million, on top of the $63 million we have already provided; $589 million, on top of the— (Time expired)

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (15:02): Mr President, I ask a further supplementary question. Can the minister explain to the Senate the benefits of the budget's Infrastructure Growth Package?

Senator JOHNSTON (Western Australia—Minister for Defence) (15:02): We will provide an additional $11.6 billion to establish the Infrastructure Growth Package, which will fast-track investment in critical infrastructure across the country. In that package is $5 billion over five years towards the Asset Recycling Initiative, which provides incentive payments to encourage the states and the territories to sell assets and recycle the sale proceeds into new infrastructure. There is $3.7 billion for targeted infrastructure investments to deliver priority infrastructure, including work on Melbourne's East West Link and the $1.6 billion Perth freight link, which is very important to Western Australians. There is money going towards making our local roads safer, by providing an additional $350 million for Roads to Recovery and an additional $200 million for the Black Spot Program. Mr President, you can be assured that I could go on and on, but I will not.

PARLIAMENTARY OFFICE HOLDERS

President

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:03): Mr President, before asking that further questions be placed on notice, can I thank you on behalf of the whole chamber for presiding over exactly 300 question times, as of today. Thank you for your service. I ask that further questions be placed on notice.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (15:03): Can I add my thanks on behalf of the opposition, Mr President, for your term as President and for presiding over a great many question times. I know that there are times where we on this side—perhaps even me—have tested your patience—

Government senators interjecting—

Senator WONG: I know it is hard to believe! Mr President, we thank you for the way in which you have sought to exercise authority and the dignity with which you have conducted yourself. Thank you very much, Mr President.
Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (15:04): Mr President, could I add my acknowledgement of your fine work in this place. Law makers always talk about the rule of law, and I think you have to apply it in one of the most difficult environments. Congratulations and good luck in the future.

The PRESIDENT: Thank you, everyone.

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:04): Mr President—

The PRESIDENT: Senator Siewert—I did recognise you, Senator Siewert. You have not had a change of hairstyle for a while.

Senator SIEWERT: Thank you, Mr President. I would like to add the Greens good wishes and thank you for the work you have done in the chamber. I do not know if I am going to have to keep reporting to the President every time I get a haircut—

The PRESIDENT: That's not my problem!

Senator SIEWERT: I will have to check with Senator Parry about that one!

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Tobacco

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (15:05): In relation to an answer taken on notice to a question from Senator Pratt in question time yesterday, I can inform the senator and the chamber that, according to an analysis by Collins and Lapsley published in 2008, smoking kills around 15,000 Australians each year and costs society and the economy $1.5 billion.

Indigenous Health

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (15:06): I would like to provide further information in relation to a question Senator Sterle asked me today about the Healing Foundation and Deadly Choices. With respect to the Healing Foundation, we provided core funding this year of $6.6 million. However, late this year an additional $150,000 was given to that organisation to honour a commitment by your government, particularly in the Darwin town camps. We have extended the foundation’s existing funding agreement for $6.6 million by 12 months to 31 October 2015. I have also encouraged them to apply for future funds under the new Indigenous Advancement Strategy.

In regard to the Deadly Choices program, this is a difficult area, so every time you have a question for me, give me a ring a couple of hours before question time and I will sort it out for you. This is a difficult area and it is not in my portfolio. In any event, Deadly Choices is funded through the Tackling Indigenous Smoking Program. There is a review underway, but the only real impact is that they are not recruiting additional people. There has been a pause in recruitment, and I am advised that the funding is going to continue while the review is undertaken.
Indigenous Affairs

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (15:08): In regard to the question asked of me by Senator Cameron, again, it is a little confusing in the sense of whose portfolio it lies in. I am more than happy to provide the answer, Senator Cameron. The Women's Legal Services of New South Wales is a community legal centre. Their core funding is provided by the Commonwealth Attorney-General through the legal assistance program. AGD is in the process of extending all community legal centre funding agreements for 12 months to 30 June 2015—as our undertaking was. Within that program, there is the Indigenous Women's Legal Program, which is a relatively small program of some $1.1 million. Funding is provided to only eight of these programs, of which that one is part. We are in the process of extending our funding agreement with this service for six months until 31 December 2014.

BUSINESS

Leave of Absence

Senator McEWEN (South Australia—Opposition Whip in the Senate) (15:08): by leave—I move:

That leave of absence for personal reasons be granted to Senator Peris for today, 26 June 2014.

Question agreed to.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Indigenous Affairs

Indigenous Health

Budget

Senator CAMERON (New South Wales) (15:09): I move:

That the Senate take note of the answers given by the Minister for Indigenous Affairs (Senator Scullion) and the Assistant Minister for Health (Senator Nash) to questions without notice asked by Senators Cameron, Sterle and Collins today relating to funding for Indigenous programs and to the Fetal Alcohol Spectrum Disorders Action Plan.

The first issue I would like to turn to is the response to Senator Collins' question on foetal alcohol spectrum disorder, which is a huge problem in Indigenous communities—as it is in other communities around this country. The response that we had from Senator Nash was that the funding for that program had not been put in place. I want to indicate to the minister that the public release of the 2013 election commitment costings by the Department of Finance and Deregulation and the Treasury—I do not think you can do much better than that in ticking off your commitments—clearly indicate that there was a proposal that had been costed to the amount of $20.2 million over
four years—that is for this foetal alcohol spectrum disorder issue—would be in place. You should never be surprised about any response or lack of response either from Senator Nash or from the other ministers when they get up to deal with questions from the opposition.

I thought Senator Scullion was a bit confused in his response today. I am glad that he clearly identified some areas of change to his original answers and clarified the issues that were before us. I am very pleased that the Indigenous Women's Legal Program will be funded. I am very pleased the legal programs generally will be re-funded, because they play a huge role in rural and regional Australia in helping some of the poorest Australians deal with the issues that they are confronting.

As a result of the government's budget, the issues that some poor communities and individuals will be facing will be magnified because of the cruelty of the government's budget cuts against the poorest people in this country. I am pleased that there will be a 12-month expansion. I hope it goes further than that. As I said, I thought Senator Scullion was a bit confused. I thought he was a bit unconcerned about the $500 million cut, trying to justify the $500 million cut and trying to justify this austerity program against some of the poorest communities in our country. The problems that Indigenous Australians have are magnified more than the problems for ordinary Australians. It is about time the Prime Minister and Minister Scullion were a bit honest about the problems that Indigenous Australians face. Stop trying to set yourself up as some kind of supporter of the Indigenous community, when you cut over $500 million out of support programs. The chief adviser to the Prime Minister is saying that there would be another $600 million cut. There is a proposal to cut more. This is over $1 billion of cuts against some of the poorest people in this country.

Senator FIERRAVANTI-WELLS (New South Wales—Parliamentary Secretary to the Minister for Social Services) (15:14): I rise to respond to some of the assertions that have been made by Senator Cameron in relation to foetal alcohol spectrum disorders. I reiterate that on 25 June the government announced that it would provide $9.2 million to the National Fetal Alcohol Spectrum Disorders Action Plan, to address the harmful impacts of FASD on children and families. As some may know, FASD and FAS describe a range of cognitive, learning, behavioural and developmental abnormalities caused by exposing the developing foetal brain to alcohol during pregnancy.

The government is committed to addressing this problem. A FASD technical network will be established under the guidance and chairmanship of Professor Elizabeth Elliott AM, who brings a wealth of experience in clinical service, research, technical and translation of policy regarding FASD to this very important role. Prevention of FASD is a key goal for the future. It is something that will require a multifaceted approach, including community and professional education, treatment for women who misuse alcohol and evidence based strategies to minimise risky drinking.

I will make some comments in relation to Indigenous issues and, again, correct some of the assertions that Senator Cameron has made. It is disappointing to see this sort of attack in this area because Indigenous affairs has traditionally been an area that has been removed from sharp partisan attacks in the past. The reality is that more money is not necessarily the answer to bettering Indigenous disadvantage. If this were the case, we would have dealt with these problems and closed the gap years ago.
For the record, I quote from an article that was written for *The Australian* by the Parliamentary Secretary to the Prime Minister, Mr Tudge, who has special responsibilities for Indigenous issues. He states:

During the past decade, funding on indigenous affairs has increased by 80 per cent in real terms. That translates to average government expenditure of $44,000 per Indigenous person, and that is according to the Productivity Commission. In practice, this funding has been reflected in a proliferation of programs in the Indigenous communities, some of which have now demonstrated, as an Auditor-General's report last year found, that a typical Indigenous community is serviced by one government program for every five members. Often you see a whirlwind of activity and government services providers driving or flying in and out of these communities, but, regrettably, the social and economic indicators stay the same, year after year.

Today, questions were asked in relation to programs. The government is amalgamating a plethora of programs in this space and shifting the Indigenous specific programs from eight government departments into one department, the Prime Minister's department, and then, in the budget, reducing the 150 programs into five broad, flexible ones, similar to the broadbanding that is also happening in the area of social services in the Department of Social Services. The important thing is to devolve decision making to the local level, where it will have greater impact. (Time expired)

Senator McLUCAS (Queensland) (15:19): I also refer to the foetal alcohol spectrum disorder discussion that we have had both yesterday and today. I have to say that Senator Fierravanti-Wells standing up and restating the comments made by Senator Nash does not make them true. The truth is that the public release of the 2013 election commitment costing said very plainly that $20.2 million had been allocated by the former Labor government in order to address this—I think we are all in agreement—very serious issue. Standing up and restating it is not going to make it right. What Senator Nash announced in response to a Dorothy Dixer in question time yesterday is more than a 50 per cent cut in this program. There is nothing more plain than that. To restate it, I am sorry, is not going to make it right.

Let me move to the answers given by Senator Scullion today. Aboriginal and Torres Strait Islander people are being left in limbo. During the election campaign, the Prime Minister said he was going to be the Prime Minister of Aboriginal and Torres Strait Islander Australians. Great expectations were raised. People were thinking, 'It's going to be different.' What we have seen since this budget came down, with a cut of half a billion dollars—$500 million—from Aboriginal programs and services, is nothing short of disgraceful. These are the people in our community who need the best thinking, the most work and, frankly, the most funding. I do not disagree that we need to do it in the best possible way, but you do not start the work by cutting out half a billion dollars worth of services.

We have asked questions at Senate estimates about where these cuts will fall. We have received very little information. Senator Fierravanti-Wells talked about how we need to streamline things and I do not disagree with that, but do not start by cutting and then work out what you might do later. Senator Fierravanti-Wells said that we have moved eight departments into one; that is not actually true. At estimates we would ask a question of Health and be told, 'No, that's Prime Minister and Cabinet.' Then we would go to Prime Minister and Cabinet and be told, 'No, you should have asked that in Health.' Then we found out today,
when we talked about the Deadly Choices program: 'It's not in my portfolio.' So this idea that 'We're going to streamline everything into one place' is simply hollow words. That is not what has happened. We still have the same problem of tracking where funding is going, not just asking the senators. More importantly, the people who are actually trying to deliver the service cannot work out what is happening. So why is it surprising that we come into this place, two weeks away from the end of the financial year, with specific requests for information because people are concerned about what will happen in not even two weeks time? These programs are potentially being finalised. These people who are delivering these programs need to know what is happening.

Senator Scullion himself said with respect to the Indigenous Women's Legal Program, 'It's a bit confusing.' It is a bit confusing, Senator Scullion, and, if it is confusing to you, it might be confusing to me. But what about the people who are running the program? What about the Aboriginal women who might want to get a legal service on 1 July? Is that pretty confusing to them? Do we get a service? Can we fund this service? Does it fit within these parameters? Who knows what is going to happen. You cannot leave people hanging like this. But, with the machinery-of-government changes, that, I am afraid, is what it has resulted in for the most vulnerable people in our community. It is simply not fair and should not happen.

As I have said, we have had half a billion dollars cut out of Indigenous programs. But let us also go to the other cuts in this cruel budget that will affect Aboriginal and Torres Strait Islander people. The one that I have been talking about since the budget is the $7 GP tax. Who will that hit? I have been saying it will hit the sick and the poor, including sick and poor Aboriginal and Torres Strait Islander people. We have had no clarity. What will happen with Aboriginal medical services? We just do not know. And, if we do not know, then AMSs do not know, either.

How is the $7 GP tax going to work in an Aboriginal medical service? I will tell you what will happen. They will have to charge it and, if they do not, they will lose their bulk-billing incentive. Senator Nash says over and over again— (Time expired)

Senator BOYCE (Queensland) (15:24): I must admit I thought that Ms Macklin was the champion of politicising and multiplying red tape for vulnerable people. But it would appear that the entire opposition has now jumped on the scaremongering train. I am not quite sure how Senator Scullion could have been clearer when he said that the funding for community legal centres had been extended for 12 months. That includes the Indigenous Women's Legal Program, which is one of the community legal centres. That seems fairly clear. I am not quite sure how he could have been clearer on that point. He also said, 'There will be no cuts to front-line services.' The opposition said that there had been a $530 million cut in services to Aboriginal areas. That is completely inaccurate.

We have perhaps two issues here. Firstly, there is the propensity of the former government to think up a figure and stick it in the budget and to not provide the funds to go ahead with it, because they were so desperately trying to pretend that they could come up with a surplus sooner or later, which of course we all know was never going to happen under them. And, secondly, there is also the pretence that they actually cared about the policies that they put in place.

In terms of the FASD program, I do not know how Senator Nash could have been clearer in making the point that, whilst the opposition put up a figure on the day that they went into
caretaker mode of $20 million for the FASD program, there was no backup for this and there was no intention to go ahead with it. It was not in PEFO; it was nowhere else. To suggest that our government are not determined to do as much as possible about the problem of foetal alcohol spectrum disorder is completely inaccurate. It is a gross misstatement, a gross inaccuracy and it plays politics with the needs of the most vulnerable people in Australia.

The entire effort from the opposition in this area is, in my view, despicable. I think it is worth repeating some of those statistics that Senator Fierravanti-Wells gave us, from the Auditor-General, that under the former government there was in fact one government program for every five members of the Aboriginal communities in Australia, that we were spending $44,000 per person on Aboriginal services—'services' is the wrong word. They were not services; it was just money that was spent. There is no issue around whether there will be assistance to Aboriginal and Torres Strait Islander peoples in Australia from this government—absolutely none. We are devoted to it. If they cannot see the point of the Prime Minister taking on that ministry as demonstrating how important we see it, then I do not think there is any hope whatsoever for the opposition at all.

But what we are not devoted to is continuing to featherbed the Aboriginal industry that built up more and more under the former Labor government. So few of these funds in fact ever go to Aboriginal and Torres Strait Islander people. They go to organisations, many of which do good work, many of which could do their work far more efficiently. You have only to go back to that statistic of there being one government program for every five members, which is one organisation.

I was in Port Hedland recently and, for a population of 500 people, we were told there were 14 government programs. Putting some efficiency into this system, getting money out of inefficiencies and actually putting it back into services that actually benefit the people we are trying to benefit would seem to be an extremely good use of government funds. But, unfortunately, the opposition continue to want to play politics and to laud the red tape that they put in place in this area and so many other areas. (Time expired)

**Senator STERLE** (Western Australia) (15:29): It does give me pleasure to follow on not from Senator Boyce's rambling diatribe of five minutes but from Senator McLucas's magnificent contribution. Senator McLucas, unlike Senator Boyce, does know what she is talking about. Unlike Senator Boyce, there are a lot of us in this building who do have a passion for doing everything we can to close the gap in Aboriginal disadvantage. We have to just tell the truth. I am not one that will play politics with Aboriginal—

*Senator Abetz interjecting—*

**Senator STERLE:** Senator Abetz shows his ignorance. Coming from Tasmania as he does I do not know how much he knows about remote Aboriginal communities, but his scoffing and laughing at my commitment to Aboriginal disadvantage in closing the gap I find abhorrent. In fact, it would probably do Senator Abetz good to get out and familiarise himself with Aboriginal disadvantage issues, because they are huge in this nation.

We have to tell the truth, and the truth of the matter is that half a billion dollars has been taken out of Indigenous programs in the budget. We cannot deny that. I have to say very, very clearly that Senator Fierravanti-Wells—and I do not know how much she has got out of Sydney or Newcastle and gone into remote Aboriginal communities to see how they
struggle—said that more money is not the solution. Taking half a billion dollars out of the budget will be a national disaster.

In the very short time that I have I welcome any interjections, if they are coming, because I speak from a basis of knowledge on this issue. We have found that some of the funding cuts in this cruel budget go to children and family centres. As a Western Australian I want to just mention five of them: the Roebourne Children and Family Centre; the Swan Children and Family Centre; the Fitzroy Crossing Children and Family Centre, which I had the wonderful opportunity to open with previous Minister Macklin; the Halls Creek Children and Family Centre, including the Little Nuggets Early Learning Centre; and the Kununurra Children and Family Centre. There is no more funding. It is as simple as that.

There is a bigger issue, and I say it is a bigger issue because I am one that supports remote communities. I know why Aboriginal people want to live on their country and why they live in remote communities. That side over there, back in the Howard days, had the view that Aboriginal people should all be herded into huge centres, particularly in the Kimberley, where they should all live in Derby, Broome or Kununurra. I remember Mr Turnbull, who was the environment minister at the time, being interviewed on Lateline and he was asked a question in relation to the intervention. He said, through ignorance rather than anything else—I do not think he meant to be spiteful—that all Aboriginal people should go to the big centres because that is where the jobs were. Fortunately, he is not the Aboriginal affairs minister.

Here is a very, very important fact. Senators on that side can fib as much as they like, but they cannot hide from this: in the 2013-14 budget the Labor government provided no less than $44.1 million to provide over 340 Aboriginal remote communities with a funding package that addressed municipal and essential services. Those of us that are fortunate enough to live in the leafy suburbs of cities where our rubbish is collected every day, our sewerage is at the end of a button and our power is at the end of switch may not realise what happens in remote Aboriginal communities. They do not have that luxury. It has to be funded. I say it quite clearly here, now, that that funding has disappeared.

The Commonwealth have been responsible for funding these essential services for 50 years. They now no longer want to do it. I have to say that my fear, if there is no Commonwealth funding in these 340 remote Aboriginal communities for these essential services, is about where the heck this money going to come from I speak with some authority as someone who has spent a heck of a lot of time in remote Aboriginal communities, this particularly through the Kimberley region of WA. The state governments will not pick up the bill. It is as simple as that. In my state—that once engine room of the economy as everyone likes to refer to it, which I still think it is—now, unfortunately, after six years of the Barnett Liberal government has lost its AAA credit rating. It has its priorities wrong. It is building monuments to itself on the Perth foreshore. So how the heck are these essential services going to be funded? I wish I could extend my speaking time.

Question agreed to.
CONDOLENCES

Kent, Mr Lewis

The DEPUTY PRESIDENT (15:35): It is with deep regret that I inform the Senate of the death, on 22 June 2014, of Lewis Kent a member of the House of Representatives for the division of Hotham, Victoria, from 1980 to 1990.

COMMITTEES

Government Response to Report

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:35): I present two government responses to committee reports as listed at item 16 on today’s Order of Business. In accordance with the usual practice, I seek leave to incorporate the documents in Hansard.

Leave granted.

The documents read as follows—

Australian Government response to the Foreign Affairs, Defence and Trade References Committee Inquiry: Australia’s overseas development programs in Afghanistan

This is the Australian Government's response to the Foreign Affairs, Defence and Trade References Committee report entitled Australia’s overseas development programs in Afghanistan, as tabled on 16 May 2013.

The Government thanks the Committee for its work and welcomes its consideration of the challenges confronting Afghanistan and the best mechanisms through which to deliver Australian aid in this environment. These considerations are timely as Afghanistan undertakes the important transition to Afghan-led security.

In particular, the Government welcomes the Committee's acknowledgement of the Australian aid program's substantial achievements in a difficult and high-risk environment, and its recognition of Australia's contribution to the development gains that have occurred in Afghanistan over the past decade.

Australia's future development assistance to Afghanistan is subject to the Government's review of the aid budget.

The Government will take advantage of future opportunities, in particular the 2014-15 Budget, to provide further details on its approach to Australia's development engagement with Afghanistan.

Review of Australia's civil-military-police role in Afghanistan

Recommendation 1 paragraphs 8.51 and 8.52

The committee recommends that the Australian Civil-Military Centre undertake a comprehensive review of Australia's civil-military-police mission in Uruzgan Province that includes taking submissions from NGOs, local NGOs and civil society organisations working in the province. The scope of the review to include whether, or to what extent, the ADF’s involvement in delivering development assistance in Afghanistan has:

- served counterinsurgency objectives;
- affected sustainable development by having short-term, tactical objectives;
- influenced the distribution of development assistance (the suggestion is that more funds were directed to insecure areas);
diverted development effort away from poverty alleviation;
• placed facilities built with military aid, and those using them, at increased risk from attack by anti-
government forces; and
• undermined the perceptions of NGOs as neutral and impartial thereby placing the safety of their aid
workers at greater risk.

The committee also believes that it is important for the review to consider whether Australian
development assistance had any role in empowering local individuals in Uruzgan and, if so, the lessons
to be learnt from it.

Agreed in principle.

This recommendation calls for a comprehensive review, which may require in-country research in
Afghanistan. Such a review will have significant cost, logistic and risk implications. The Australian
Civil Military Centre (ACMC) was already scoping an Afghan 'lessons learned' analysis for whole-of-
government consideration. This project will enable the ACMC to address the Senate Standing
Committee's recommendation for a review of Australia's whole-of-government effort in Afghanistan,
using existing resources and a process already in train. ACMC is at the concept development stage. The
study will be led indicatively by a former senior Australian official. The comprehensive review is
expected to take several months, and consultancy fees are expected to be in the vicinity of $400,000.

More broadly, the specific issues identified by the Committee fall beyond the expertise and mandate of
the ACMC, which is to support the development of national civil-military capabilities to prevent,
prepare for and respond more effectively to conflicts and disasters overseas. It is beyond the
competence and authority of the ACMC to inquire into all the matters identified by the Committee.

Australian Leadership Awards Scholarships

Recommendation 2 paragraph 9.42–9.43

The committee recommends that AusAID conduct its own internal investigation into, and report on, the
circumstances around the administration of the Australian Leadership Awards program
for Afghanistan. The investigation to include, but not limited to, AusAID’s due diligence; the adequacy
of its oversight of the program; its promptness in responding to indications that something may have
been amiss, and the reasons for its failure to inform the committee of allegations of fraud when the
matter was discussed in December 2012.

The committee recommends further that, using Mr Niamatullah Ibrahimi’s experiences as a case study,
this investigation also look closely at the processes for communicating with applicants, including the
accuracy and timeliness of advice; the transparency of the application and selection process; and the
overall level of competence evident in the administration of this program.

The committee recommends that AusAID provide the committee with a copy of the report.

Recommendation 3 paragraph 9.44

The committee also recommends that AusAID provide the committee with a copy of the report from
Protiviti, an independent audit company, following its investigation into the Australian Leadership
Awards Scholarships program for Afghanistan.

Noted

In January 2013, AusAID initiated a comprehensive independent investigation into the Australian
Awards program in Afghanistan. This investigation is expected to conclude shortly.

The investigation does not deal with the experiences of Mr Ibrahimi, as the suspension of the Australia
Awards Program [Scholarships and Leadership] in August 2012 did not impact on the selection of
Afghan candidates for the Australia Awards Leadership Program in 2012. The Australia Award
Leadership Program is a separate program managed through a separate selection process.
The Government will decide separately on the release of the independent investigation report.

**Recommendation 8** paragraph 13.19
The committee recommends further that DFAT together with AusAID encourage, assist and fund the establishment of an alumni organisation designed to foster and strengthen the people-to-people links between Afghan graduates from Australian institutions under the various scholarship programs and the respective institutions.

Agreed

An Afghan alumni organisation for the Australia Awards was established in 2012.

**Recommendation 9** paragraph 13.21
The committee recommends that the Australian Government ensure that the Australian Leadership Awards Scholarships for Afghan students, or a suitable replacement, commence as soon as possible.

**Recommendation 20** paragraph 14.78
The committee recommends that AusAID monitor its Australia Development Scholarship Program to ensure that its administration is sound; that the selection process is open and transparent; that there is a close correlation between the courses undertaken and the development needs of Afghanistan; and that the students return to Afghanistan to take up positions in that country.

**Noted**

The Government will decide separately on the future of the scholarships program to Afghanistan.

**Resettlement for Afghans who have assisted Australia’s mission in Afghanistan**

**Recommendation 4** paragraph 11.24
The committee supports the Australian Government’s initiative to offer resettlement to Australia to locally engaged Afghan employees at the greatest risk of harm as a consequence of their support to Australia’s mission in Afghanistan. The committee recommends, however, that the Australian Government ensure that the resettlement program is available to all such locally engaged staff at credible risk and not just those at the greatest risk of harm.

Agreed

On 13 December 2012, the former Ministers for Immigration and Citizenship and Defence announced that Australia would offer resettlement to eligible locally engaged Afghan employees at risk of harm due to their employment in support of Australia’s mission in Afghanistan. The policy came into legislative effect on 1 January 2013 and applications are being considered.

The resettlement program is available to local Afghans who are, or have been, employed with Australian agencies, and are assessed to be at significant risk of harm due to their role, location, employment period and currency of employment. Applicants will also need to meet standard visa criteria covering health, character and security checks.

**Recommendation 5** paragraph 11.25
In light of problems with the Australian Leadership Awards Scholarships program for Afghanistan and the delay in processing visas for visiting Afghans detailed in chapter 9, the committee recommends that DFAT, AusAID, and DIAC review carefully the procedures and protocols governing this resettlement scheme. The committee recommends that together they build measures into the administration of the scheme that will expedite the process, minimise risks to the safety of those in Afghanistan seeking eligibility for resettlement and uphold the integrity of the scheme (especially guarding against corruption). The committee recommends that all relevant agencies give close attention to strengthening inter-departmental communication, liaison, oversight of the program, and streamlining administrative processes.
Comprehensive protocols and procedures govern implementation of the policy for resettlement of eligible locally engaged Afghan employees. A standing inter-departmental committee (IDC) comprising members from, Defence, DIAC, AFP, and DFAT/AusAID has been in place since January 2013 to assist each agency develop consistent procedures and protocols for implementing the policy.

The procedures and protocols of each agency cover the administrative and legal requirements to enable efficient, thorough and consistent implementation of the policy.

**Education**

**Recommendation 6** paragraph 13.17

_The committee recommends that AusAID should ensure that its support for the education sector includes an adequate focus on education quality, and specifically on learning outcomes and teacher training._

**Recommendation 7** paragraph 13.18

_The committee recommends that the Australian Government continue to support the Malaysia Australia Education Project for Afghanistan and to explore ways to build on its successes. The committee recommends that the Australian Government give particular attention to achieving a significant quota of women for the program, which may require additional effort to ensure that young women are graduating from year 12 and then have the opportunity to take up the offer of a scholarship._

**Noted**

Australia is helping Afghanistan to improve service delivery in education by expanding access to schools, improving the quality of education, and improving the Government of Afghanistan’s capacity to deliver education services. Education programs include a focus on education quality, including by measuring learning outcomes and training more teachers, especially female teachers.

The Government will decide separately on future support to the Malaysia—Australia Education Project for Afghanistan (MAEPA). MAEPA is not a scholarships program—it supports professional development for qualified Master Teacher Trainers (not high school graduates).

**Recommendation 10** paragraph 13.28

_The committee recommends that the Australian Government expand its support for girls’ education in Afghanistan._

**Noted**

DFAT support for education programs in Afghanistan will continue to emphasise expanding support for girls’ education.

**Recommendation 11** paragraph 13.29

_The committee recommends that the Australian Government support the Afghan Ministry of Education to disaggregate enrolment figures by gender._

**Agreed**

DFAT supports the Ministry of Education, through the Afghanistan Reconstruction Trust Fund (ARTF), to strengthen data collection and reporting on school enrolment and attendance, including gender-disaggregated data, through the Education Management Information System and ARTF results reporting.

**Recommendation 12** paragraph 13.30

_The committee recommends that AusAID increase its support for programs that aim to increase community participation in the management of schools, including supporting local governance structures._
DFAT supports community-based education in Afghanistan. The community-based education model ensures community participation by establishing village education and school management committees. This is currently being applied through activities such as the Empowerment Through Education Program, implemented by CARE Australia.

Recommendation 13 paragraph 13.31
The committee recommends that AusAID continue its support for the 'Children of Uruzgan' program providing a clear commitment to a reliable and secure source of funding post 2014.

Agreed
The Children of Uruzgan program is planned to continue until June 2015.

Agriculture and food security
Recommendation 14 paragraph 14.35
The committee recommends that the Australian Government ensure that as Australia's ODA increases in the coming years that the funding for food security and agriculture increases proportionately.

Recommendation 15 paragraph 14.36
The committee recommends that AusAID and DFAT use their influence with the Government of Afghanistan, relevant line ministries and major multilateral organisations delivering agricultural assistance to reinforce the importance that such assistance:
- ensures that poorer farmers have affordable and easy access to seed centres and appropriate technologies;
- takes account of the need to train farmers, especially those in the poorer communities, to apply the benefits of agricultural research and development;
- involves women in all aspects of aid funded agricultural projects to enable women and their families to benefit from reforms in agriculture; and
- includes disaster risk management, especially building the resilience of poor Afghan farmers to withstand natural disasters, as a necessary component.

The committee recommends further that the four principles identified above are given priority when designing, planning and implementing Australian-funded agricultural projects in Afghanistan.

Recommendation 16 paragraph 14.38
The committee also recommends that the Australian Government provide direct support for agricultural development programs based on the four principles in recommendation 15.

Noted
Assistance to rural development and food security is a focus for Australia's aid program to Afghanistan. The considerations outlined in the Committee's recommendation 15 will continue to inform the development of Australian agricultural and rural development programs in Afghanistan.

Mining
Recommendation 17 paragraph 14.75
The committee recommends that AusAID continue to encourage and offer advice and technical assistance to help Afghanistan become and remain a fully-compliant member of the Extractive Industries Transparency Initiative.
Recommendation 18 paragraph 14.76
The committee recommends that AusAID continue to encourage and offer advice and technical assistance to the relevant line ministry in Afghanistan to develop a robust legal and regulatory regime for extractive industries in Afghanistan.

Recommendation 19 paragraph 14.77
The committee recommends that the Australian Government should, through the Afghan Government, make itself available to support local community involvement in all aspects of a proposed mining activity in their locality, including matters such as planning and oversight, particularly when it comes to the environment, local employment and investment of some of the mining revenue in local industries.

Note
Australia is providing support to improve governance of the Afghan mining sector as a well-regulated mining sector that has the potential to unlock significant socio-economic benefits and increased revenues in the medium to longer term.

Funding through Afghan's National Budget—Afghanistan Reconstruction Trust Fund

Recommendation 21 paragraphs 15.7–15.9
The committee recommends that the Australian Government continue to channel a substantial proportion of its ODA (at least 50 per cent) to the Afghanistan Reconstruction Trust Fund.

The committee also recommends that the Australian Government use its influence with other donor countries to encourage them to abide by the Kabul communiqué and channel 50 per cent of their ODA through the Afghan national budget.

The committee recommends further that, in light of the findings of the recent 2012 independent review of the Afghanistan Reconstruction Trust Fund, the Australian Government continue to encourage the World Bank to implement the review's recommendations.

Note
The Afghanistan Reconstruction Trust Fund (ARTF) is an effective mechanism for assisting the Afghan Government to deliver basic services and provide economic opportunities for its people.

Local NGOs

Recommendation 22 paragraphs 15.35
The committee understands the importance of ensuring that development assistance reaches the local level and the most vulnerable. It recognises that Australia works through multilateral organisations and NGOs that in turn team up with local organisations. The committee, however, is of the view that more could be done to foster the use of local NGOs. The committee recommends that Australian agencies providing development assistance in Afghanistan place a high priority on selecting international partners that have deep connections and relationships with the local community and use local organisations to help deliver aid.

Recommendation 23 paragraphs 15.36
The committee recommends further that any proposed cut to the aid budget to Afghanistan should take account of the need to defend the gains made to date. One key means of doing so, is by building the capacity of local communities to assume responsibility for delivering front-line services such as education and health. In this regard, the committee notes the deferral of the Australia Afghanistan Community Resilience Scheme and recommends that the Australian Government strengthen not weaken its efforts to involve local NGOs in the delivery of development assistance.

Note
Australia's aid program makes significant use of civil society and NGOs that are effective in achieving results and delivering value for money.
The Australian Government has stated that Afghanistan remains an enduring interest and that Australia will continue to support Afghanistan's development.

The Australia Afghanistan Community Resilience Scheme Request for Submissions was publically released in April 2013. The five successful tenderers were advised on 3 December 2013.

Afghanistan's private sector

**Recommendation 24** paragraph 15.44

Considering the commitment that Australia has given to help Afghanistan rebuild and the important role of the private sector in this recovery, the committee recommends that DFAT consider establishing an Australia–Afghanistan Institute. The intention would be for the institute to have a business and education focus that would help pave the way for increased academic and business engagement between both countries and strengthen institutional links between their universities, research institutes and NGOs.

Noted

DFAT has considered this recommendation but has no plans at this time to establish an Australia-Afghanistan Institute.

DFAT has welcomed the establishment of an Australia-Afghan Business Council (AABC).

**Recommendation 25** paragraphs 15.46–15.47

The committee recommends that AusAID and DFAT look at implementing concrete and practical ways in which they could assist members of the Afghan community in Australia to contribute to the development of Afghanistan. The proposed Australia–Afghanistan Institute could provide one such avenue.

The committee recommends further that AusAID look carefully at the requirements for an organisation to be accredited as an overseas operating NGO with a view to giving positive encouragement and support (both funding and administrative) to Afghans in Australia seeking to assist Afghanistan with its recovery.

Noted

DFAT supports the development of people-to-people links between Australia and Afghanistan, within the constraints imposed by the current 'Do Not Travel' recommendation of the travel advice.

Women in Afghanistan

**Recommendation 26** paragraph 16.23

The committee recommends that the ADF and AFP take the opportunity in their training, mentoring and advisory role with their Afghan counterparts to help create an awareness of the importance of gender equality and human rights and to encourage greater participation of Afghan women in Afghanistan’s military and police forces.

Agreed

Defence supports greater participation and empowerment of Afghan women within their local communities. The ADF has encouraged this by employing a variety of measures, including deploying female ADF personnel to work in Female Engagement Teams to meet with Afghan women to develop vocational skills, health services and employment opportunities. Female Engagement Teams and female personnel from the Uruzgan Provincial Reconstruction Team have engaged with local women to discuss security concerns. Additionally, the Special Operations Task Group has deployed patrols of female medics to provide health services to women and girls. The ADF has also constructed the Malalai girls’ school in Tarin Kowt and developed the Dorafshan Basic Health Centre, which has specialised female clinics and separate staff accommodation.
As part of the ADF’s mentoring, Afghan National Security Forces personnel also receive human rights training and advice on the correct procedures for handling detainees. They are also trained on the applicable international legal obligations for the treatment of detainees and the protection of the local civilian population.

Afghan National Security Forces personnel in Uruzgan also receive specific human rights training from the Afghanistan Independent Human Rights Commission, which specifically covers the application of those rights when conducting detention operations.

Defence supports greater participation by Afghan women in the military by providing a concrete example of women undertaking these roles. For example, the ADF has employed women ADF members in mentoring roles for the senior leadership of the Afghan National Army’s 205 Corps based at Kandahar. Female ADF members have also worked alongside Afghans with the Afghan National Army's 4/205 Brigade in Uruzgan province.

Australia is a partner with the United Kingdom, New Zealand and other countries in establishing an academic institution within the Afghan National Security University in Kabul dedicated to graduating officers for the Afghan National Army. While participation by women is currently low, the university as a whole anticipates having 10 per cent of the enrolled cadets being women by 2017. The ADF is also planning to deploy women members to assist with the integration and training of women at the officer academy.

In compliance with Government direction the AFP Mission in Afghanistan formally ceased on 9 January 2014; however the AFP supported this recommendation for the duration of its Mission.

The AFP is committed to supporting the five strategies as set out under the 'National Action Plan on Women, Peace and Security' and principles of development effectiveness and is represented on the Women, Peace and Security Interdepartmental Working Group which is chaired by the Office for Women (Department of Prime Minister and Cabinet). Through to the end of the AFP’s Mission in Afghanistan in January 2014, the AFP maintained involvement with the Afghan National Police (ANP) executive in the development of strategies applicable to gender related issues. The AFP ceased direct training and mentoring roles in August 2013, deploying a smaller contingent focusing upon strategically influential positions with ANP and Ministry of Interior counterparts. Development of two year plans and ten year visions by AFP secondee to the International Police Coordination Board encouraged the ANP to provide female ANP officers with greater levels of access to formal training and opportunities within the organisation.

The AFP had previously developed and implemented a 'Violence Against Women Program' which was adopted as a mainstream program of the European Police Union in its support for the Afghan National Police. The European Police Union continues to provide the training, albeit without AFP support. The program is designed to teach the participants specific skills to deal with offences which directly impact on women in Afghanistan.

The AFP International Deployment Group is currently developing a Gender Strategy which will guide the IDG in its implementation of the recommendations of United Nations Security Council Resolution 1325 and the 'National Action Plan on Women, Peace and Security'. This Gender Strategy will also be used as a guiding tool during the design phase of IDG’s capacity development missions overseas and will address women in policing, access to policing services for women and the involvement of women in the peace process.

The IDG Gender Strategy will also be incorporated into the Pre-Deployment Training undertaken by all members prior to their deployment into overseas capacity building missions.

Implementation of Australia's Elimination of Violence Against Women Program in Afghanistan commenced in June 2013. This Program includes two projects which provide training and mentoring support for police and other legal sector actors on the implementation of the Afghan government’s Elimination of Violence Against Women Law (2009), as well as on women's rights more broadly.
Recommendation 27 paragraphs 16.27
The committee recommends that the Australian Government continue to provide funding for the Afghanistan Independent Human Rights Commission.
Noted
Australia has provided $4.5 million, since 2004, to the Afghanistan Independent Human Rights Commission (AIHRC) to monitor, promote and protect human rights, particularly the rights of women and girls, through advocacy, training and education.

Recommendation 28 paragraph 16.28
Considering that gender equality is an objective that cuts across all sectors covered by development assistance, the committee recommends that all relevant recommendations in this report give special attention to promoting gender equality and protecting the rights of women.

Recommendation 29 paragraph 16.29
The committee recommends that AusAID prioritise long-term support for the delivery of services for women and girls and for programs that advocate for women's rights. It recommends further that the Australian Government include Afghanistan as a key country focus for implementing Australia's National Action Plan on Women Peace and Security in order to address the related issues of violence against women and women's political participation.

Recommendation 30 paragraph 16.30
The committee recommends that the Australian Government directly fund Afghan women’s organisations with both core and project funding, to enable these organisations to develop their capacity to hold their government to account and realise their leadership potential.
Noted
Australia's development assistance programs to Afghanistan will continue to support activities which aim to achieve both long-term development outcomes for women and girls, and promote and protect women's rights.
Gender equality is integrated into the design of all of DFAT development activities in Afghanistan along with targeted policy dialogue, to improve the lives of women and girls.

Recommendation 31 paragraph 16.31
The committee recommends that AusAID works closely with the Afghan Education Ministry and relevant NGOs to encourage the implementation of community-based education schemes with the objective of increasing the accessibility of schooling and bridging the gender gap with respect to illiteracy.
Noted
Australia supports community-based education activities which target the inclusion of women and girls, particularly in remote and rural areas.

Recommendation 32 paragraph 16.32
The committee recommends that the Australian Government commit adequate funds over three years towards the National Priority Program: 'Capacity development to implement the National Action Plan for the Women of Afghanistan'.
Noted
Australia aligns all of its development programs in Afghanistan with relevant government policy and planning documentation, including the National Action Plan for the Women of Afghanistan (NAPWA) and the Ministry of Women’s Affairs National Priority Program: Capacity Development to Accelerate NAPWA Implementation (MoWA NPP).
Oversight and evaluation of Australia's ODA

Recommendation 33 paragraph 17.63
The committee recommends that AusAID review its Afghanistan Annual Program Performance Report in order to ensure that the document reflects its title—program performance report. This means that the report's main aim would be to convey information on:

- the performance of programs—value for money;
- the program's effect on the lives of its recipients;
- the benefits delivered to intended recipients and how they align with their needs;
- the sustainability of the benefits; and
- how programs relate to and complement other Australian-funded programs.

It should contain a section providing a comprehensive account of the effectiveness of Australia’s whole-of-government effort in Afghanistan.

Recommendation 34 paragraph 17.64
The committee recommends that the Australian Government implement new reporting and evaluation requirements for departments and agencies delivering Australian ODA that are timely, consistent, transparent and more stringent. They should also require information on:

- the aid program's objectives and how it contributes to a coherent, whole-of-government development plan;
- the medium and long-term prospects for the sustainability of each project within the program including allowances made for continuing operational costs—such as salaries, maintenance and repair; and
- the monitoring and evaluation mechanisms for tracking and assessing the effectiveness of projects after their completion.

Unless there is a compelling reason otherwise, reporting and evaluation reports should be publicly available from AusAID's website.

Recommendation 35 paragraph 17.65
The committee recommends that the Office of Development Effectiveness conduct a critical analysis of the effectiveness of Australia's ODA to Afghanistan with a particular emphasis on the sustainability of projects and Australia’s whole-of-government effort.

Noted
The Annual Program Performance Report (APPR) provides a thorough assessment of performance of Australian aid in Afghanistan. The APPR is a key performance report at the country/regional program level, and an important management tool to improve the effectiveness of Australia’s aid by providing an annual assessment of how the program has performed against its objectives.

'Lessons learned from aid to Afghanistan’ is identified in the Office of Development Effectiveness’ Rolling Evaluation Work Plan: 2013-14 to 2015-16. It is part of the Reserve List of Evaluation Topics, which may be progressed in future years. This Work Plan is endorsed by the Independent Evaluation Committee.

Recommendation 36 paragraph 17.68
The committee recommends that the Parliament consider establishing a parliamentary standing committee or dedicated subcommittee of an existing standing committee charged with examining and reporting on Australia's ODA. Among other benefits, this committee could be the catalyst needed to improve the standard of reporting on Australia's ODA, especially Australia's whole-of-government
effort in delivering overseas aid. It may also be a means of raising public awareness of the work being done with Australia's ODA.

This is an issue for Parliament to consider.

Australian Government response to the Joint Committee of Public Accounts and Audit Report No. 437
Review of the Auditor General's Reports
Nos. 2 to 10 (2012-2013)
May 2014

Response to the Recommendations

Response

Supported in part

The Recommendation is consistent with the Government's current commitment to improve Indigenous representation and involvement in decision-making processes in relation to Indigenous service delivery.

The Government has established the Prime Minister's Indigenous Advisory Council, chaired by Mr Warren Mundine. While the Advisory Council is not a representative body it brings a diversity of views and experience, both Indigenous and non-Indigenous, to the task of ensuring programmes achieve real, positive change in the lives of Indigenous people—changes that can increase participation, preserve Indigenous culture and build reconciliation.

The Advisory Council also supports the Government's strong commitment to turning around the gross disadvantage suffered by Indigenous Australians in fundamental areas of life: that is, school attendance, jobs and safe communities.

The Government is also developing the Empowered Communities model proposed by the Jawun Indigenous Leadership Group which is part of Jawun Corporate Partnerships. This is a non-government organisation that places secondees from over 20 of Australia's leading companies and government agencies to work with Indigenous organisations.

In addition, the Government is going to engage in consultations with Indigenous communities in advancing the Constitutional Recognition of Indigenous Australians.

The Government does not support an agreement with the National Congress of Australia's First Peoples for it to be consulted during Council of Australian Governments processes on Indigenous issues. The National Congress is an independent body and not an advisory body to government. The National Congress has a role to play in representing Indigenous Australians and the Government will continue to engage with them in a constructively way. It currently represents around 8,000 members nationally.

Recommendation 2

The Committee recommends that the Prime Minister request the Department of the Prime Minister and Cabinet to undertake a review of leadership and collaboration arrangements in Indigenous affairs for Cabinet consideration; and that the review investigates options for strengthening the authority of the lead agency to better drive changes across departments.

Response

Supported

This recommendation has been addressed by machinery of government changes made by the Government following the September 2013 election.

The Government is consolidating Indigenous policies, programmes and service delivery into the Department of the Prime Minister and Cabinet (PM&C) with the aim of streamlining arrangements, reducing red tape and prioritising expenditure to achieve practical outcomes on the ground.
The transfer will address some of the structural and logistical problems faced when Indigenous programmes and services are delivered through multiple agencies.

The bulk of Australian Government staff involved in delivering Indigenous programmes and services in regional and remote locations throughout Australia will remain in their locations but will come together as PM&C staff members.

PM&C will use its lead agency role to ensure mainstream programmes and services continue to focus on Indigenous Australians and to drive coordination among all Commonwealth Government agencies.

Government initiatives that will strengthen leadership and collaborations in Indigenous affairs include the establishment of:

- A dedicated Indigenous Affairs Minister in Cabinet.
- The Prime Minister's Indigenous Advisory Council. The Council will meet three times a year with the Prime Minister and senior ministers and will inform the policy implementation of the Government.

Response

**Department of Prime Minister and Cabinet**

Supported

The consolidation of Indigenous policy and programmes in the Department of the Prime Minister and Cabinet presents an opportunity to strengthen whole-of-government approaches to capacity building of both Indigenous organisations and government agencies. The Government is considering approaches to strengthen the governance and capacity of Indigenous organisations to reduce the risk of corporate failure and support effective delivery.

**Australian Public Service Commission**

The Australian Public Service Commission supports this recommendation.

The Commission has a role in leading and shaping a unified, high performing Australian Public Service (APS), consistent with its statutory responsibilities under the Public Service Act 1999. This includes supporting APS agencies in leadership development, building organisational capability and supporting a diverse workforce. The Commission is responsible for progressing activities that are designed to build the capability of APS employees and agencies in engaging with Indigenous communities and working with, and for, Indigenous Australians. These activities include the following programmes and strategies:

- A whole-of-APS Aboriginal and Torres Strait Islander Cultural Capability Framework (the Framework), currently in development, will establish a benchmark of Indigenous cultural capability for APS employees, managers, leaders and organisations. In addition, the Framework aims to increase employees' understanding, knowledge and appreciation of Indigenous culture—both historic and contemporary—and grow the capabilities required for respectful, constructive engagement with Indigenous Australians and communities.

- The Jawun Indigenous Community Secondment Programme (Jawun) is managed by the Commission on behalf of the APS. Jawun provides APS employees with secondments to work in a range of Indigenous organisations within communities (both urban and remote) across Australia. The programme commenced in 2012, and since its inception a total of 94 APS employees from 22 agencies have undertaken secondments to Indigenous organisations.

- The APS Leadership and Core Skills Strategy (currently being implemented) identifies the foundation, core, and management skills and leadership capabilities where there are existing skill gaps or opportunities to develop capability for the future. Strengthening the skills and capabilities of
APS employees within this framework, in connection with Indigenous specific programmes, will have a positive impact on the services being delivered to Indigenous communities.

In addition, in 2012, the senior leadership group of the APS—the Secretaries Board—established the APS Diversity Council, chaired by the Secretary of the Department of the Prime Minister and Cabinet, and comprising agency heads from nine APS departments and agencies. The Council provides leadership across the APS on workforce diversity issues, and has a dual focus on the employment of Indigenous Australians and people with disability. The Diversity Council's work in enhancing the capacity of APS agencies to support a strong, high performing Indigenous workforce will improve the APS's ability to constructively engage and work with Indigenous Australians and communities.

**DOCUMENTS**

**Tabling**

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:35): I table a report of the Military Rehabilitation and Compensation Commission on the review of statutory time frames.

**AUDITOR-GENERAL'S REPORTS**

**Report Nos 51, 52, 53 and 54 of 2013-14**

The DEPUTY PRESIDENT (15:36): In accordance with the provisions of the *Auditor-General Act 1997*, I present four reports of the Auditor-General as listed at item 17 on today's *Order of Business*:

- Report no. 51 of 2013–14—Performance audit—The improving school enrolment and attendance through welfare reform measure: Department of the Prime Minister and Cabinet; Department of Human Services
- Report no. 52 of 2013–14—Performance audit—Multi-role Helicopter Program: Department of Defence; Defence Materiel Organisation
- Report no. 54 of 2013–14—Performance audit—Establishment and use of multi-use lists: Across agencies

**COMMITTEES**

**Economics References Committee**

**Report**

**Senator MARK BISHOP** (Western Australia) (15:36): I present the report of the Economics References Committee on the performance of the Australian Securities and Investments Commission, together with the *Hansard* record of proceedings and documents presented to the committee.

Ordered that the report be printed.

**Senator MARK BISHOP:** by leave—I move:

That the Senate take note of the report.

The tabling of this report represents the end of a year-long review of the Australian Securities and Investments Commission, Australia's corporate, markets and financial services regulator,
ASIC. The inquiry into the performance of ASIC was an important inquiry and, in my opinion, long overdue.

In essence, the report consists of a number of smaller reports that sit within a wider comprehensive examination of the performance of ASIC. It draws on the personal accounts of hundreds of Australians who shared a common experience.

Generally, the submitters were hardworking, honest Australians—many approaching or already in retirement who, through no fault of their own, lost significant amounts of money and, in some cases, their nest eggs. Their loss and suffering was the result of irresponsible and self-serving advisers, brokers or other financial service providers who, for their own gain, peddled bad advice or unsafe products. Many of the submitters asked us: where was ASIC? Where was the corporate watchdog?

The committee understands that ASIC has limited resources but, even allowing for that constraint, ASIC appears to miss or ignore clear and persistent early warning signs of corporate wrongdoing or troubling trends that place the interests of consumers or investors at great risk. To be blunt, the committee found ASIC wanting. It was unable to connect the dots with information in its possession. It allowed itself to be lulled into complacency while corporate wrongdoers continued to abuse their clients' trust.

The committee has reviewed many cases of ASIC responding slowly to misconduct reports or an emerging problem. I want to focus on one case study—Commonwealth Financial Planning, a subsidiary of the Commonwealth Bank. Between 2006 and 2010 several of its financial advisers and other staff exploited clients and engaged in serious misconduct. Advisers deliberately neglected their duties and placed their personal interests far above the interests of their clients.

Assets were allocated into high-risk products without the clients' knowledge and to the financial benefit of the planner. These actions were facilitated by a reckless sales based culture and a negligent management, who ignored or disregarded noncompliance and unlawful activity as long as profits were being made.

In summary, the committee found that the conduct of a number of rogue advisers working in CFPL was unethical, dishonest, well below professional standards and a grievous breach of their duties—in particular, the advisers targeted vulnerable, trusting people. Both ASIC and CBA seemed to place reports of fraud in the too-hard basket, ensuring the malfeasance escaped scrutiny and hence no-one was held to account. The CBA's compliance regime failed, which not only allowed unscrupulous advisers to continue operating but also saw the promotion of one adviser, thus exposing unsuspecting clients to further losses.

There was an inordinate delay in CBA recognising that advisers in its CFPL business were providing bad advice or acting improperly and when, this conduct became apparent, the CBA failed to act promptly on that knowledge and inform clients and ASIC. ASIC was too slow in realising the seriousness of the problems in CFPL, instead allowing itself to be lulled into complacency and placing too much trust in an institution that sought to gloss over its problems. ASIC did not pay sufficient attention to the whistleblowers who raised serious concerns about the conduct of one of the most serious offenders and the actions of CFPL.

The committee's doubts about the handling of the CFPL matter only grew as the inquiry drew to a close. Recent developments, whereby both ASIC and the CBA have corrected their
testimony about the compensation process for affected CFPL clients, have intensified the committee's misgivings about the integrity and fairness of this process. It is concerned that many clients may not have received adequate compensation.

The committee is now of the view that the CBA deliberately played down the seriousness and extent of problems in CFPL in an attempt to avoid ASIC's scrutiny, limit adverse publicity and minimise compensation payments.

In effect, the CBA managed, for some considerable time, to keep the committee, ASIC and its clients in the dark. This case highlights how trusting the regulator is of big business. ASIC either did not understand or did not demonstrate sufficient scepticism of the information put to it by the Commonwealth Bank. It is only since May this year that ASIC has begun to understand how the compensation schemes were being implemented.

Clearly, there were fundamental and widespread problems within the Commonwealth Bank. It is essential that all rogue advisers are identified and that any conduct that may amount to a breach of any law or professional standard is pursued. Further, all affected clients must receive just compensation. As noted earlier, the current compensation arrangements are far from adequate.

At this stage, the committee's confidence in ASIC's ability to monitor the CBA's implementation of its new undertaking regarding the compensation process is severely undermined. Furthermore, the CBA's credibility in the CFPL matter is so compromised that, to my mind, responsibility for the compensation process should be taken away from the bank. The time is well overdue for full, frank and open disclosure on the CFPL business.

Given the seriousness of the matter, the egregious nature of the conduct, the potential number of clients affected and the lack of transparency surrounding the compensation process, I believe that a royal commission should be established. This is not a recommendation that the committee has made lightly. However, the evidence is so compelling that a royal commission is warranted. This scandal needs to stand as a lesson for the entire financial services sector.

Firms need to know that they cannot turn a blind eye to unscrupulous employees who do whatever it takes to profit at the expense of vulnerable clients.

This inquiry underlined the critical importance of ensuring that Australia has a robust corporate regulatory system under the stewardship of a strong and effective regulator.

The committee's recommendations are designed to help ASIC become a self-evaluating and self-correcting organisation—to be a proactive regulator with teeth that acts decisively, but also fairly.

The recommendations recognise the need for ASIC to be alert to emerging business models or new financial products and to match the inventiveness and resourcefulness of those in the industry who seek to circumvent the law. The committee's recommendations go to matters such as:

- improving or strengthening ASIC's understanding and appreciation of Australia's corporate environment and those it regulates;
- building ASIC's analytical and investigative skills so it is able to discern early warning signs of unhealthy trends or troubling behaviour;
ASIC working more effectively with other industry and professional bodies—to ensure it has strong, constructive and cooperative relationships with all the financial system gatekeepers;

• a review of penalties currently available for contraventions of the legislation ASIC administers; and

• making enforceable undertakings far more robust, transparent and effective in bringing about the desired changes.

As I said at the outset, this was an important inquiry. I regard it as a wake-up call for ASIC. One of the best outcomes of this inquiry so far is that ASIC itself has begun to examine its performance and consider how it can do things better. The regulatory system will be stronger and more resilient if ASIC keeps this up.

I commend this report to the Senate.

Senator WILLIAMS (New South Wales) (15:46): I congratulate Senator Bishop on doing a magnificent job chairing the Senate Economics References Committee inquiry into the performance of ASIC. When we kicked off I thought Senator Bishop might have been wondering whether this inquiry was really necessary, but he certainly changed his attitude as we went through it. I could tell some stories about Senator Bishop's deep involvement in this whole inquiry into ASIC.

The committee has made 61 recommendations. In my six years in this place I have never known there to be so many recommendations from a Senate inquiry. Perhaps there have been more, but it is an enormous number of recommendations. One of the things we touched on was raising the standards of financial planners. I find it amazing that, as I said in Senate estimates, you can walk out of a shearing shed, do an eight-day—not eight-week—crash course and qualify under the Corporations Act to be a financial planner; you can advise someone how to invest their millions after only an eight-day crash course. Who can become a solicitor after an eight-day crash course or a doctor or a surgeon or a liquidator or an accountant? We strongly recommend raising the bar for the standards for financial planners.

ASIC needs powers. One thing I look forward to, and hopefully it will be pursued by the government, is licensing every financial planner in Australia—some 30,000. They would pay an annual fee, user pays, to finance ASIC, because at the moment ASIC is spending $33 million a year policing the financial planning industry, yet it is collecting less than $3 million in licensing fees. We need to reduce compliance costs for financial planners so that we do not face a situation where Australians cannot afford to seek financial advice, because it is vital that they do. Only one in five Australians seek financial advice, and we need to raise that enormously—especially given that some 30 per cent of superannuation funds now are self-managed—some $600 billion is self-managed—and these people need good advice so they can grow their superannuation and not be a burden on the taxpayer when they get to retirement.

Along with those licences I would like to see the powers given to ASIC as recommended so that with one phone call they can suspend a financial planner's licence. If they collect and collate the evidence of serious wrongdoing—fraud, forgery et cetera—they should have the power to make one phone call and put that person out of business. Of course that financial
planner should have the right to appeal to the Administrative Appeals Tribunal—everyone has the right to appeal.

Whistleblowers were a factor in the inquiry. We did have in camera witnesses, and I have serious concerns about Macquarie Private Wealth. I urge ASIC to go in and make sure Macquarie Private Wealth is doing exactly what they should be doing with their enforceable undertaking, so that the wrongs are righted. We recommend that ASIC's funds be topped up for their legal action. It is expensive to go to court, and we must have a regulator who has the money behind it to do its job.

One of the great challenges we face now is to restore faith in the financial planning industry. I believe 99.9 per cent of financial planners are excellent, honest and do the right thing. Like with anything, it is the minority that destroys an industry's reputation. Let us get that figure to 100 per cent. As Senator Bishop said, we need ASIC to be proactive—we need them to be harsh; we need them to be forceful. We need to get rid of the shonky products for sale out there that investors may face. I was on the inquiry into Storm Financial. Storm Financial was destined to fail. Once the stock market went down some 20 per cent, it was a basket case. Those products should never ever have been out there for sale, and so much harm and damage was caused to so many people, many of them elderly, in the twilight years of their lives. They had to face being kicked out of their homes—what a terribly stressful time they must have had. ASIC did do some good work in relation to that. We need to get rid of the bad products and clean out the bad planners. I encourage ASIC, where they see clear evidence of wrongdoing, to consider referring these matters to the DPP for criminal charges to be laid. Some of the evidence I have seen shows clearly that forgery and fraud were involved. People who undertake serious criminal activities like that must face a judge and jury.

In summary, it was a very interesting inquiry. I thank all senators involved—I thank Senator Bishop once again for chairing the inquiry and the way he carried out the inquiry; I thank Senator Whish-Wilson for his input into the inquiry, as well as Senator Xenophon and Senator Dastyari and others. I thank Kathleen Dermody and her staff, who worked so hard. There were 460-odd submissions—a lot of work for the secretariat and a lot of reporting. They did a magnificent job. Let us hope that following this report we in government act to see that people in Australia can have total confidence in financial planners in the future. I am sure we will get a good result and ASIC will do its job better. There is certainly plenty of room for improvement. The Commonwealth Bank admitted their wrongdoing, and Mr Turner at their AGM said their culture was wrong, their policy was wrong and their advice was wrong, and they need to carry out their duties with their enforceable undertaking and see that people are compensated correctly. As I said, Macquarie ought to have a look in the mirror as well.

Senator WHISH-WILSON (Tasmania) (15:53): I would like to echo what Senator Williams just said to Senator Bishop while he is here in the chamber. He certainly deserves to go out on a high note on this. It has been a long inquiry, and I would thank you for allowing me to participate. I would also like to thank Senator Williams, who I bumped into in the corridors in July last year and who asked if I would be interested in getting involved in this ASIC inquiry, given that I had worked in the financial services industry. Following the September election, I got the consumer affairs portfolio.

It has certainly been a very interesting inquiry parallel to the inquiries into the FoFA reforms. I think the critical point is that among the very strong recommendations from the
inquiry, which the Greens support, are a large number of recommendations related to cultural practices at institutions like Commonwealth Financial Planning. I think the word 'culture' is really important. The chairman of ASIC, Greg Medcraft, has used this word himself in relation to the Commonwealth Bank, and it refers to more than just a few bad eggs. While it is very clear that we had some rogue financial planners who were falsifying documents and acting illegally and inappropriately—and I do not like using the word 'inappropriate' after Senator Bishop made it very clear on *Four Corners* that it is way beyond inappropriate—it was the management and culture within the organisation that kept it buried.

When we look at things such as conflicted remuneration or putting the client's best interest ahead of that of the adviser, we do not really stop and question whether we are also putting the client's best interest ahead of that of the institution as well as the adviser. Or whether conflicted remuneration relates directly to what an adviser receives in a conflict of interest by providing advice, or whether the institution is also involved in conflicted remuneration because they have set up a structure that pools bonuses and continues to push a sales based culture.

The Financial Planning Association in the FoFA inquiry said it would take generations to change the culture in this industry, and I think this inquiry has made a very good start at that. It has been very hard-hitting and has been followed by the media, including the *Four Corners* documentary in which Senator Bishop featured very prominently. It has certainly put this into the public's mind.

When I think about the ASIC inquiry and what has been uncovered, it is very clear to me that this country, like every country around the world, has just been through one of the largest financial crises in living memory. The complacency that Senator Bishop talked about in his speech has come from the development of a culture around making profits, because those profits were made for a very long time—for decades. I was in this industry during the boom years leading up to the Asian crisis; I was there during the dotcom boom, and I got out just before the global financial crisis, and during that time there was a long period where customers on one side were making increasing returns every year on their super funds and financial investments, and companies and advisers were making obscene amounts of money.

Then we got a disturbance, an exogenous shock that has really shaken up the system. It is appropriate and timely to have an inquiry like this which looks at the resilience of our system, and how a regulator such as ASIC and the management of a corporation such as Commonwealth Financial Planning respond to these crises and at the systems they have put in place. I would agree with Senators Bishop and Williams that hindsight can be 20-20 vision. With that hindsight we can see that ASIC should have responded much more quickly, strongly and decisively in how they regulated the disturbance we saw at Commonwealth Financial Planning which has left a lot of people out of pocket.

I would also say that where one inquiry finishes another starts. Yesterday Senator Xenophon and I sponsored a motion for an inquiry through the economics committee into the damage and the culture around managed investment schemes which will look at how the system has failed thousands of Australians in relation to these schemes. It will also look at the role that government has to play in this and at how it ties into the appropriateness of financial advice. Another thing that has become very clear to me is that we have a large number of recommendations and a big wish list that we want ASIC and the government to enact at the
same time that we are cutting funding to the Australian Securities and Investments Commission. Greg Medcraft was very clear that the funding cuts will mean ASIC will now have to be a lot more limited in what they do and do not do and that they will have to be a lot more focused. He said you basically get what you pay for—that was the exact comment he made at estimates.

This committee has done fantastic work with this inquiry. I would also like to commend the committee staff for all of their hard work—because I am very new to this, I am only now starting to work out just how much work they do. We have made this long series of recommendations that we all hope will be listened to by the government, but on the other hand there has been a funding cut to the same institution we are expecting to go in quicker and harder to take on white-collar crime in this country. Clearly there is a disconnect.

One thing that makes me more hopeful is that ASIC were clear during the inquiry about wanting a new funding model. They want to have a user-pays system in line with what we see with regulators overseas. I hope that the government, as the committee recommends, acts very quickly to implement that new funding model—because ASIC needs more funds, not less, if it is going to do the job we want it to do. In my opinion, that is absolutely essential.

I feel very strongly about higher standards for financial advisers. Similarly to Mr Medcraft, I did my exams to become a financial adviser in the US—Series 7 and Series 63. It is a six-hour sudden death examination where you press a button at the end of 300 multiple-choice questions—it had a very low pass rate. Quite often, even individuals I worked with at Merrill Lynch had to do it four or five times before they got their licence. Setting the benchmark high is a good place to start. It is not going to catch every bad egg, but I think the financial planning industry in Australia has been treading water on this for too long. You will never get the perfect situation, but we do need something along the lines of the US Series 7 and Series 63 examinations in this country if we want to achieve that uniform standard across the financial planning industry. Having said that, I met a lot of financial planners during this inquiry. I talked to 15 in Tasmania. Most of them are smaller financial planners who have been in business for a very long time, have fantastic relationships with their clients and do a very good job. It was interesting to get their perspective on this.

I was also pleased that Senator Bishop and the committee recommended that issues relating to the whistleblower within ASIC, James Wheeldon, be investigated by the Commonwealth Ombudsman. I think that is a good start. ASIC themselves are always talking about the value of whistleblowers and how important they are, yet we had a whistleblower situation arise within ASIC. The details were explored during the inquiry. In relation to this and to recommendation 33, I like the idea of ASIC keeping a register of their secondments. It is something, I think, Treasury should also think about. I raised this with Mr Parkinson at estimates—where their secondees go. They go, for example, to lobby groups like the Australian Bankers Association. He did not seem to think that was a good idea. In fact he thought it was offensive, yet this committee has recommended this for ASIC. I think it is something all government departments should look at.

Lastly, the only dissenting view the Greens have on this very large and excellent report is in relation to penalties for white-collar crime. We would have liked to have seen specific recommendations about penalties. The committee has recommended that goes to another inquiry. My suggestion would be that the economics committee adopts that as a second
inquiry and gets that work done—not leaving it to the government. We need stronger penalties for white-collar crime in this country.

I seek leave to continue my remarks later

Leave granted; debate adjourned.

Scrutiny of Bills Committee
Report


Ordered that the report be printed.

Environment and Communications References Committee
Report

Senator BILYK (Tasmania—Deputy Opposition Whip in the Senate) (16:04): On behalf of Senator Thorp, the Chair of the Environment and Communications References Committee, and pursuant to order, I present the report of the Environment and Communications References Committee on environmental offsets together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator BILYK: I move:

That the Senate take note of the report.

Senator WATERS (Queensland) (16:04): The Environment and Communications References Committee report just tabled, Environmental offsets, is a very comprehensive report of our inquiry into the nonsensical notion that you can destroy invaluable and unique parts of Australia's environment and somehow just make a different version somewhere else and that that will make up for the damage you have done. It is a very substantive report. Whilst I will make some remarks distancing the Greens from the recommendations in the report, I do wish to commend the substance of the report to this chamber. It is incredibly detailed and I think it is a really comprehensive summary of the damning evidence we received during the hearings.

We referred this issue to the Senate after uncovering a litany of examples where offsets were shown to be farcical—shown to be simply a fig leaf for continued approval of almost every single application that ever passes the Minister for the Environment's desk. One of the most affronting examples was the Whitehaven coalmine at Maules Creek in the Leard Forest. They were allowed to clear endangered box gum woodland—it is classed as 'endangered' for a reason; there is not much of it left—on the proviso that they protect the same type of woodland elsewhere. Unfortunately for them and for that endangered woodland, the offset area was 95 per cent a completely different ecosystem.

The Department of the Environment investigated that—and rightly so, because in my view misleading information had been provided in order to get the approval. Through a series of events that continue to perplex me, the department have now dropped the investigation—despite several reports that show that indeed it was the wrong ecosystem and that they had
indeed misdescribed it. That was but one example showing that the notion that you can offset something that is endangered with an entirely different ecosystem—and get away with it—required examination.

Another example is the Abbot Point coal terminal dredging and the offshore dumping of that dredge spoil. That application was also approved, as everything is under these so-called environmental laws. Internal documents from the Great Barrier Reef Marine Park Authority found that the damage was going to be so great it would be irreversible and that it would be impossible to offset. That was the internal science from the marine park authority, and yet the offsets have been granted anyway and somehow the dumping of five million cubic metres of sludge is supposed to make the water quality 150 per cent better. That is a notion which sounds a bit strange and is, indeed, completely impossible to achieve. That is a point that the World Heritage Committee made a few days ago.

The third most confronting example in recent times has been the approval of one Mr Palmer's Waratah Coal mine in the Galilee Basin, which is located on top of the Bimblebox Nature Refuge. It is the last remaining remnant vegetation in the Galilee Basin, with 8,000 hectares of pristine habitat, half of which Mr Palmer wants to turn into an open cut coalmine and the other half he wants to longwall mine, leaving it susceptible to subsidence. He said he will protect the same vegetation elsewhere. There is just one problem with that—there is no other vegetation elsewhere. So one wonders why that condition was even granted in the first place. It is no surprise that he has not been able to find an area to protect as compensation. To add insult to injury, if he were able to find some compensatable habitat, there is no land tenure that would protect that land from being mined in the future. That is unless it were turned into a national park, which I am sure Premier Campbell Newman would not have a bar of.

These were some of the examples that led us to seek the Senate's approval to inquire into these issues. Sadly, we heard a litany of really concerning problems not just with the implementation of environmental offsets but also with the very notion itself. We heard evidence that there is a widespread view amongst community and environment groups that offsets are not being used as a last resort. They are meant to be under the policy, but in fact they are very quickly resorted to. They are a first choice rather than a last resort. That is the reason I say they are used as a smokescreen for continued approval. There is no will to refuse development applications. We have had 10 refusals in 14 years.

Another point that was made was that there are no no-go zones for offsets. Apparently, everything is replaceable and there is nothing that is so precious and unique that we should retain it. I beg to differ with that concept. That is what our environmental offsets policy says but I think World Heritage is irreplaceable. I think critically endangered ecosystems and critically endangered species are irreplaceable. In fact, I think nature is irreplaceable but particularly in those examples. A strong recommendation of the report was that the notion that anything goes and that there is nothing off limits needs to be re-examined. We certainly support that.

The other flaw that was identified and came to light through the course of the hearing was that the offsets are often not identified until years after the damage has been done. One would think that in order to get an approval you would need to show that you have found an offset area that is suitable. But, no, that is not the case. Actually you can get your approval and be
given years to find somewhere that is suitable. What happens if you cannot find that place? It is tough luck for the environment because you have already been allowed to clear the vegetation on your site. Once again, the environment loses out.

The report also found that there is no register of offset areas. This means a number of problems. It means there is no transparency and the public cannot see whether those areas are still protected, properly managed and delivering on the gains they were promised to make. Secondly, it means that they can be double offset because no-one is noting down somewhere that they are an offset for damage elsewhere. So you might have one offset area that is meant to be compensating for five different areas that are being damaged because no-one is tracking that. That seems to me a ridiculous oversight.

That also means that when an offset area itself that is meant to be protected in perpetuity under the offsets policy is then sought to be destroyed years down the track it can be because it is not on anybody's register saying, 'No, that is meant to be off limits.' So, again, the notion that offsets themselves are able to be offset makes a mockery of the so-called principle that they are to be protected in perpetuity.

The report also addressed the fact that money can be a substitute for protecting a different area. Of course our environment department is starved of funds. It is starved of staff and it is underresourced. However, the notion that you can buy your way out of the rules that are there to protect the environment is one that I find shocking. I believe this option is frequently abused. I do not think you should make money an option for an offset because you simply cannot replace some of these irreplaceable ecosystems with dollars. Money will never be a substitute for those.

We heard that there is also no monitoring of the conditions. The ANAO found this in their report last week as well. The department is so understaffed it cannot do proper compliance monitoring, including of conditions for offsets. We found that no-one was going back to check or asking, 'Did they find the area they were meant to find? Is it the right sort of ecosystem that they are meant to be protecting? Are they managing it properly? If the company goes belly up, is anybody else going to be able to manage it? Is it in fact delivering the environmental gains that substitute for the damage done at the original site?' Nobody is checking any of those things.

It boils down to the conclusion that there is no evidence that environmental offsets are working. Nobody is keeping track. There are all of these assumptions made that nobody bothers anyone to comply with, and so we simply do not know. This again leads the Greens to conclude that they are a smokescreen and a fig leaf for continued approval. They are a green wash, trying to make it look like the environment minister gives a damn when in fact approval after approval has been issued.

In our minority report we included some strong recommendations that I urge both sides of the chamber to consider. We said that the government must refuse projects which have unacceptable impacts on matters of national environmental significance. These are not insignificant areas; these are areas of national environmental significance. There should be some refusals where that damage is going to be done rather than just this smokescreen and fig leaf of continued approvals with offsets. We recommended that the government immediately revoke the approval for the Maules Creek coalmine and not only that but prosecute Whitehaven Coal for providing false or misleading information in the course of seeking their
environmental approval. They will have to reopen the criminal investigation to do that, and I will be taking that up with the minister. We recommended that they immediately revoke the approval for the Waratah Coal Galilee project which will eat up the Bimblebox Nature Refuge, that the Abbot Point dumping and dredging approval be revoked and finally that any existing offset areas that have already been set in stone be protected into the future.

Fundamentally, offsets are a joke. They are abused. There is no fixing them. They should be abandoned and we need some refusals. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Community Affairs Legislation Committee

Report

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (16:15): On behalf of the Chair of the Community Affairs Legislation Committee, I present the report on 2014-15 Budget estimates together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Procedure Committee

Report


Ordered that the report be printed.

Regulations and Ordinances Committee

Delegated Legislation Monitor

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (16:16): On behalf of the Chair of the Senate Standing Committee on Regulations and Ordinances, I present the Delegated Legislation Monitor No.7 for 2014.

BUDGET

Consideration by Estimates Committees

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (16:16): On behalf of the respective chairs, I present additional information received by committees relating to the estimates.

COMMITTEES

Publications Committee

Report

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (16:16): On behalf of the Chair of the Publications Committee, I present the sixth report.

Ordered that the report be adopted.
DOCUMENTS

Tabling

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

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

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT (Senator Furner) (16:17): Order! The President has received letters from party leaders requesting changes in the membership of various committees.

Senator PAYNE (New South Wales—Minister for Human Services) (16:17): I move:

That senators be discharged from and appointed to committees as follows:

(1) That senators be discharged from and appointed to committees as follows:

Abbott Government’s Budget Cuts—Select Committee

Appointed—Senators Dastyari, Lines and Urquhart

Education and Employment Legislation Committee—

Appointed—

Substitute member: Senator Hanson-Young to replace Senator Rhiannon for the committee’s inquiry into the provisions of the Family Assistance Legislation Amendment (Child Care Measures) Bill (No. 2) 2014

Participating member: Senator Rhiannon

Environment and Communications Legislation Committee—

Appointed—

Substitute member: Senator Milne to replace Senator Waters for the committee’s inquiry into the provisions of the Carbon Farming Initiative Amendment Bill 2014

Participating member: Senator Waters

Finance and Public Administration References Committee—

Appointed—

Substitute member: Senator Waters to replace Senator Rhiannon for the committee’s inquiry into violence against women

Participating member: Senator Rhiannon

Health—Select Committee—

Appointed—Senators Cameron, Edwards, McLucas, O’Neill, Seselja and Williams

Participating members: Senators Back, Bernardi, Bushby, Fawcett, Fifield, Heffernan, Macdonald, McKenzie, O’Sullivan, Ruston and Smith

Legal and Constitutional Affairs Legislation Committee—

Appointed—

Substitute member: Senator Hanson-Young to replace Senator Wright for the committee’s inquiries into the Migration Amendment (Protecting Babies Born in Australia) Bill 2014, and the provisions of the Migration Amendment (Protection and Other Measures) Bill 2014
Participating member: Senator Wright.

(2) That senators be discharged from and appointed to committees, with effect from 1 July 2005, as follows:

**Appropriations and Staffing—Standing Committee—**
- Discharged—Senators McKenzie and Parry
- Appointed—Senators Back and Fawcett

**Australian Commission for Law Enforcement Integrity—Joint Statutory Committee—**
- Discharged—Senators Parry and Singh
- Appointed—Senators Bilyk, O’Sullivan and Sterle

**Broadcasting of Parliamentary Proceedings—Joint Statutory Committee—**
- Discharged—Senator Parry
- Appointed—Senator Marshall

**Community Affairs Legislation Committee—**
- Discharged—Participating member: Senator Parry
- Appointed—Senator Reynolds
  - Participating members: Senators Bullock, Canavan, Ketter, and McGrath

**Community Affairs References Committee—**
- Discharged—Senator Smith
  - Participating members: Senators Bilyk, Parry, and Seselja
- Appointed—Senator Bilyk, Reynolds, and Seselja
  - Participating members: Senators Bullock, Canavan, Ketter, McGrath, and Smith

**Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples—Joint Select Committee—**
- Discharged—Senator Ruston
- Appointed—Senator McGrath

**Corporations and Financial Services—Joint Statutory Committee—**
- Discharged—Senators Bushby, Dastyari, and Singh
- Appointed—Senators Ketter and Williams

**Economics Legislation Committee—**
- Discharged—Senator Williams
  - Participating members: Senators Edwards and Parry
- Appointed—Senator Canavan, Dastyari, Edwards, and Ketter
  - Participating members: Senators Bullock, McGrath, Reynolds, and Williams
Economics References Committee—

Discharged—

Senators Bushby and Williams
Participating members: Senators Edwards and Parry

Appointed—

Senators Canavan, Carr, Edwards and Ketter
Participating members: Senators Bullock, Bushby, McGrath, Reynolds and Williams

Education and Employment Legislation Committee—

Discharged—

Senator Back
Participating members: Senators O'Sullivan, Parry and Ruston

Appointed—

Senators O'Sullivan and Ruston
Participating members: Senators Back, Bullock, Canavan, Ketter, McGrath and Reynolds

Education and Employment References Committee—

Discharged—

Senator Back
Participating members: Senators Parry, Peris and Ruston

Appointed—

Senators Peris and Ruston
Participating members: Senators Back, Bullock, Canavan, Ketter, McGrath and Reynolds

Electoral Matters—Joint Standing Committee—

Discharged—

Senator Ruston
Participating member: Senator Parry

Appointed—

Senators Canavan, Ketter and McGrath
Participating members [for the purposes of the committee's inquiry into the funding of political parties and election campaigns]: Senators Reynolds and Ruston

Environment and Communications Legislation Committee—

Discharged—

Senators Fawcett and Williams
Participating members: Senators Parry and Singh

Appointed—

Senators Canavan, McGrath and Singh
Participating members: Senators Bullock, Fawcett, Ketter, Reynolds and Williams
Substitute member: Senator McEwen to replace Senator Urquhart on 1 July 2014

Environment and Communications References Committee—

Discharged—

Senator Williams
Participating members: Senators Parry and Singh
Appointed—
Senators Bullock, McGrath and Singh
Participating members: Senators Canavan, Ketter, Reynolds and Williams

Finance and Public Administration Legislation Committee—
Discharged—Participating members: Senators Faulkner and Parry
Appointed—
Senator Faulkner
Participating members: Senators Bullock, Canavan, Ketter, McGrath and Reynolds

Finance and Public Administration References Committee—
Discharged—Participating members: Senators Faulkner, Ludwig and Parry
Appointed—
Senators Faulkner and Ludwig
Participating members: Senators Bullock, Canavan, Ketter, McGrath and Reynolds

Foreign Affairs, Defence and Trade—Joint Standing Committee—
Discharged—Senator Parry
Appointed—Senators Edwards, Gallacher, Ludwig, McKenzie and Reynolds

Foreign Affairs, Defence and Trade Legislation Committee—
Discharged—
Senator Edwards
Participating members: Senators Back, Gallacher and Parry
Appointed—
Senators Back, Gallacher and McGrath
Participating members: Senators Bullock, Canavan, Edwards, Ketter and Reynolds

Foreign Affairs, Defence and Trade References Committee—
Discharged—Participating members: Senators Back, Gallacher and Parry
Appointed—
Senators Back and Gallacher
Participating members: Senators Bullock, Canavan, Ketter, McGrath and Reynolds

Health—Select Committee—
Appointed—Participating members: Senators Canavan, McGrath and Reynolds

House—Standing Committee—
Discharged—Senator Marshall
Appointed—Senators Brown and Ruston

Human Rights—Joint Statutory Committee—
Discharged—Senator Lundy
Appointed—Senators Brown, Canavan and Moore

Law Enforcement—Joint Statutory Committee—
Discharged—Senator Parry
Appointed—Senators Ketter and O'Sullivan

Legal and Constitutional Affairs Legislation Committee—
Discharged—
Senators Marshall, Seselja and Singh
Participating members: Senators Bilyk, Collins, O'Sullivan and Parry
Appointed—
Senators Bilyk, Collins, O'Sullivan and Reynolds
Participating members: Senators Bullock, Canavan, Ketter, Marshall, McGrath, Seselja and Singh

Legal and Constitutional Affairs References Committee—
Discharged—
Senators Marshall, Seselja and Singh
Participating members: Senators Bilyk, Collins and Parry
Appointed—
Senators Bilyk, Collins and Reynolds
Participating members: Senators Bullock, Canavan, Ketter, Marshall, McGrath, Seselja and Singh

Library—Standing Committee—
Discharged—Senator Williams
Appointed—Senators Back, Lines and McGrath

Migration—Joint Standing Committee—
Discharged—Senator Williams
Appointed—Senator Back

National Broadband Network—Select Committee—
Discharged—
Senator Seselja
Participating members: Senators Bernardi, Bilyk and Parry
Appointed—
Senators Bernardi and Bilyk
Participating members: Senators Canavan, McGrath, Reynolds and Seselja

National Disability Insurance Scheme—Joint Standing Committee—
Discharged—Senators O'Sullivan and Smith
Appointed—Senators Canavan, Reynolds and Urquhart

Northern Australia—Joint Select Committee—
Discharged—Participating members: Senators Parry and Smith
Appointed—
Senators Canavan and Smith
Participating members: Senators McGrath and Reynolds

Procedure—Standing Committee—
Appointed—Senator Ruston
Public Accounts and Audit—Joint Statutory Committee—
   Discharged—Senators Gallacher and Ruston
   Appointed—Senators Ketter and McKenzie

Public Works—Joint Statutory Committee—
   Discharged—Senator O'Sullivan
   Appointed—Senators Canavan and Heffernan

Publications—Standing Committee—
   Discharged—Senator McKenzie
   Appointed—Senators Marshall, O'Sullivan and Peris

Regulations and Ordinances—Standing Committee—
   Discharged—Senator Edwards
   Appointed—Senators Reynolds and Williams

Rural and Regional Affairs and Transport Legislation Committee—
   Discharged—
      Senators Lines and O'Sullivan
      Participating members: Senators Parry and Williams
   Appointed—
      Senators Bullock and Williams
      Participating members: Senators Canavan, Ketter, Lines, McGrath, O'Sullivan and Reynolds

Rural and Regional Affairs and Transport References Committee—
   Discharged—
      Senators Gallacher and Macdonald
      Participating members: Senators Parry and Williams
   Appointed—
      Senators Bullock and Williams
      Participating members: Senators Canavan, Gallacher, Ketter, Macdonald, McGrath and Reynolds

School Funding—Select Committee—
   Discharged—Participating member: Senator Parry
   Appointed—Participating members: Senators Canavan, McGrath and Reynolds

Scrutiny of Bills—Standing Committee—
   Discharged—Senators Macdonald and Ruston
   Appointed—Senators Heffernan and Williams

Selection of Bills—Standing Committee—
   Discharged—Senator Bushby
   Appointed—Senator Ruston

Senators' Interests—Standing Committee—
   Discharged—Senator Brown
   Appointed—Senator Faulkner
Treaties—Joint Standing Committee—
   Discharged—Senator Smith
   Appointed—Senators McGrath and Sterle.
   Question agreed to.

BILLS

   Export Legislation Amendment Bill 2014
   Export Inspection (Quantity Charge) Amendment Bill 2014
   Export Inspection (Service Charge) Amendment Bill 2014
   Export Inspection (Establishment Registration Charges) Amendment Bill 2014
   Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Bill 2014

Assent

   Messages from Her Excellency the Governor-General were reported, informing the Senate that she had assented to the following laws:
   25 June 2014—Messages Nos—
      19—
         Export Legislation Amendment Act 2014 (Act No. 37, 2014)
         Export Inspection (Quantity Charge) Amendment Act 2014 (Act No. 38, 2014)
         Export Inspection (Service Charge) Amendment Act 2014 (Act No. 39, 2014)
      20—
         Family Trust Distribution Tax (Primary Liability) Amendment (Temporary Budget Repair Levy) Act 2014 (Act No. 41, 2014)

Infrastructure Australia Amendment Bill 2013

Returned from the House of Representatives

   Message received from the House of Representatives agreeing to the amendments made by the Senate to the Infrastructure Australia Amendment Bill 2014.

COMMITTEES

   Joint Select Committee on Northern Australia

      Reporting Date

   The ACTING DEPUTY PRESIDENT (16:18): A message has been received from the House of Representatives extending the time for the Joint Select Committee on Northern Australia to present its final report.

   Senator PAYNE (New South Wales—Minister for Human Services) (16:18): by leave—I move:
That the Senate concurs with the resolution of the House of Representatives.
Question agreed to.

**BILLS**

**Excise Tariff Amendment (Fuel Indexation) Bill 2014**

**Customs Tariff Amendment (Fuel Indexation) Bill 2014**

**Fuel Indexation (Road Funding) Special Account Bill 2014**

**Fuel Indexation (Road Funding) Bill 2014**

**First Reading**
Bills received from the House of Representatives.

*Senator PAYNE* (New South Wales—Minister for Human Services) (16:19): 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 PAYNE* (New South Wales—Minister for Human Services) (16:19): I move:
That these bills be now read a second time.
I seek leave to have the second reading speeches incorporated in *Hansard*.
Leave granted.

*The speech read as follows—*

**EXCISE TARIFF AMENDMENT (FUEL INDEXATION) BILL 2014**

This Bill amends the *Excise Tariff Act 1921*. It is part of a package of Bills that will give effect to the Government's commitment to ensure that the rate of fuel excise duty applying to all fuels, with the exception of aviation fuel, crude oil and condensate, will be biannually indexed by reference to the consumer price index.

Excise has applied to domestically produced petrol since 1929. From its introduction up until 1983, changes to the excise rate were largely made in an *ad-hoc* manner. Indexation of excise was introduced by the Hawke Labor government in August 1983 in order to maintain the real value of excise collections and to provide more stability for business and consumers.

Since March 2001, the excise rate applying to petroleum products has been frozen, leaving the excise rate on petrol at its current level of 38.143 cents per litre.

The re-introduction of fuel excise indexation will provide a predictable and growing source of revenue which will be used to assist the Government to deliver road infrastructure projects.

The Bills will establish the Fuel Indexation (Road Funding) special account. This account will ensure that the net revenue raised through the re-introduction of fuel duty indexation is spent on road infrastructure. Its balance will be reported in Budget Paper No. 4.

Consequential amendments will also be made to the *Excise Tariff Act 1921* in order to simplify the burden on businesses by rounding the applicable duty rate of indexed fuels from three decimal places in the cent to one decimal place. On the current rate for petrol, this would have the effect of reducing the excise and excise-equivalent customs duty rate from 38.143 cents per litre to 38.1 cents per litre. However, indexation will apply in each indexation period to the three decimal places.
In the 2014-15 Budget, the Government has committed around $26 billion over the forward estimates period to fund new road projects. The indexing of fuel excise and excise-equivalent customs duty will contribute to their funding by raising approximately $2.2 billion over the same time frame.

By indexing fuel excise with the consumer price index, the cost of petrol and diesel will increase by approximately 0.9 cents per litre for consumers in 2014-15. This would mean that fifty litres of fuel per week would cost around $0.45 extra or around $24 extra per annum.

This measure will not increase input costs for businesses using fuel in off-road operations or operating a vehicle with a gross vehicle mass in excess of 4.5 tonnes. This is because these businesses are able to receive fuel tax credits to offset the fuel excise paid. For off-road activities, this is the full reimbursement of fuel excise while for on-road vehicles with a gross vehicle mass in excess of 4.5 tonnes this is equivalent to the excise rate minus the road user charge.

This Government is committed to budget repair and putting the nation's finances back on a sustainable path. Indexation of fuel excise will assist the Government to build the road infrastructure for a 21st century economy.

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

CUSTOMS TARIFF AMENDMENT (FUEL INDEXATION) BILL 2014

This Bill is part of a package of Bills that will give effect to the Government's commitment to re-introduce biannual indexation of fuel excise and excise-equivalent fuel duties.

Specifically, this Bill amends the Customs Tariff Act 1995 so that the rate of fuel excise-equivalent customs duty applying to all fuels, with the exception of aviation fuel, crude oil and condensate, will be biannually indexed by reference to the consumer price index.

Consequential amendments will also be made to the Customs Tariff Act 1995 in order to simplify the burden on businesses by rounding the applicable duty rate of indexed fuels from three decimal places in the cent to one decimal place. On the current rate for petrol, this would have the effect of reducing the excise and excise-equivalent customs duty rate from 38.143 cents per litre to 38.1 cents per litre. However, indexation will apply in each indexation period to the three decimal places.

Full details of this Bill are contained in the explanatory memorandum.

FUEL INDEXATION (ROAD FUNDING) SPECIAL ACCOUNT BILL 2014

This Bill is part of a package of Bills that will give effect to the Government's commitment to re-introduce biannual indexation of fuel excise and excise-equivalent fuel duties.

Specifically, this Bill amends the Financial Management and Accountability Act 1997 to establish the Fuel Indexation (Road Funding) special account.

The Treasurer will be responsible for making a determination to allocate funds to the special account. The Deputy Prime Minister and Minister for Infrastructure and Regional Development will be able to direct that amounts be transferred from the special account in order to provide funding to the states and territories for road infrastructure investment.

This account will ensure that the net revenue raised through the re-introduction of fuel duty indexation is used to assist the Government in building the road infrastructure for a 21st century economy and will be reported in Budget Paper No. 4.

Full details of this Bill are contained in the explanatory memorandum.

FUEL INDEXATION (ROAD FUNDING) BILL 2014

This Bill is part of a package of Bills that will give effect to the Government's commitment to re-introduce biannual indexation of fuel excise and excise-equivalent customs duties.

Specifically, this Bill amends the Fuel Tax Act 2006 to ensure the fuel tax credits scheme continues to provide the appropriate credit.
The Bill also makes consequential amendments to the Fuel Indexation (Road Funding) Special Account Bill 2014 to ensure its operation once the Public Governance, Performance and Accountability Act 2013 comes into effect.

The Bill also makes consequential amendments to the Energy Grants (Cleaner Fuels) Scheme to ensure it continues to function correctly.

Full details of this Bill are contained in the explanatory memorandum.

Ordered that further consideration of the second reading of these bills be adjourned to 26 August 2014, in accordance with standing order 111.

Carbon Farming Initiative Amendment Bill 2014

First Reading

Bill received from the House of Representatives.

Senator PAYNE (New South Wales—Minister for Human Services) (16:20): 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 PAYNE (New South Wales—Minister for Human Services) (16:20): 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—

CARBON FARMING INITIATIVE AMENDMENT BILL 2014

The Carbon Farming Initiative Amendment Bill 2014 provides the framework for administering the Emissions Reduction Fund.

The Emissions Reduction Fund is an important election commitment and the key element of the Government’s policy to respond to climate change.

Through the Emissions Reduction Fund, the Government will work in partnership with business and the community to achieve a cleaner environment through practical actions that will achieve real, measurable results.

The Government accepts the science of climate change. However, we reject the carbon tax as the mechanism to respond.

The carbon tax was a $7.6 billion hit on the economy in its first year, yet emissions were only 0.1 per cent lower. It fails to do the job. The carbon tax has led to higher electricity prices, higher gas prices and increased the cost of living. It is estimated that repeal of the carbon tax will reduce Australian household bills by $550 a year on average. It is an unnecessary burden on Australian businesses and a drag on our international competitiveness. For these reasons the Government has moved to abolish the carbon tax as a priority since coming to office.

The Emissions Reduction Fund will be a better way to reduce emissions than imposing a carbon tax that increases energy costs for businesses and households.

The Emissions Reduction Fund is a major environmental programme with benefits for air quality, land management and agricultural productivity and a programme to reduce emissions. It can be supported whatever one’s views on climate issues.
Funding for the Emissions Reduction Fund is already allocated in the budget. This Bill sets out the administrative amendments to assist in implementation. Industry and farming groups strongly support implementing the Emission Reduction Fund through the approach set out in the Bill of building on — and streamlining — existing government mechanisms and processes.

Unlike the approach under the carbon tax, the Emissions Reduction Fund will provide positive incentives to help Australian businesses and households lower their energy costs, improve their agricultural productivity and increase their efficiency. It will do this by building on the Carbon Farming Initiative approach of supporting practical projects.

This Bill will implement the Emissions Reduction Fund to replace the carbon tax and provide a transition for the Carbon Farming Initiative. It will do this by amending the Carbon Credits (Carbon Farming Initiative) Act 2011 and related Acts.

**The Emissions Reduction Fund**

The objective of the Emissions Reduction Fund is to reduce emissions at lowest cost and help Australia meet its emissions reduction target of five per cent below 2000 levels by 2020.

The Government is making a significant investment in the Fund. The 2014-15 Budget sets out an initial commitment of $2.55 billion, with further funding to be considered in future budgets. The Clean Energy Regulator will be able to commit the full amount of funding in emissions reduction contracts from the commencement of the Emissions Reduction Fund.

Existing Carbon Farming Initiative participants will be well placed to bid in and access these funds to support their existing projects.

Three principles have guided the design of the Emissions Reduction Fund. These principles are embedded in the framework that is established by this Bill.

- First, the Fund will encourage projects that deliver lowest cost emissions reductions.
- Second, emissions reductions will be genuine and go beyond 'business-as-usual'.
- Third, administration of the Fund will be streamlined and cost-effective.

The Emissions Reduction Fund will not create massive new government architecture. Instead, it will leverage and streamline existing structures and processes that are understood by industry.

This Bill does four key things to establish the Emissions Reduction Fund.

**Expanding the Carbon Farming Initiative**

First, this Bill expands the Carbon Farming Initiative to enable crediting of emissions reduction opportunities across all sectors of the economy.

Expanding the scope of the Carbon Farming Initiative will allow businesses from all over Australia to bring projects forward and receive Australian Carbon Credit Units for the emissions reductions they deliver through their projects.

Under the Carbon Farming Initiative, farmers and land managers are able to earn carbon credits by storing carbon or reducing greenhouse gas emissions on the land. These credits can then be sold to people and businesses wishing to offset their emissions. The Clean Energy Regulator has registered more than 130 Carbon Farming Initiative projects and issued over 6 million Australian Carbon Credit Units since the programme commenced in late 2011.

Under the Emissions Reduction Fund, this Carbon Farming Initiative approach will be expanded so that other parts of the economy can access the system. This includes areas like energy efficiency, waste coal mine gas, cleaning up power stations, the transport sector and large industrial facilities.

The expansion of the Carbon Farming Initiative will be achieved by amending existing legislation, which establishes the Carbon Farming Initiative, and amending the administrative and reporting arrangements that support it, including the National Greenhouse and Energy Reporting Scheme.
In particular, the Carbon Farming Initiative Amendment Bill 2014 amends the Carbon Credits (Carbon Farming Initiative) Act 2011, the National Greenhouse and Energy Reporting Act 2007, the Australian National Registry of Emissions Units Act 2011 and the Clean Energy Regulator Act 2011.

Empowering the Clean Energy Regulator
Second, this Bill empowers the Clean Energy Regulator to conduct auctions, enter contracts and purchase emissions reductions.

It provides for the Clean Energy Regulator to run regular reverse auctions or other procurement processes. This will allow the Government to simply and efficiently buy the lowest cost emissions reductions across the economy from new projects, as well as existing Carbon Farming Initiative projects.

The projects with the lowest cost per tonne will be selected, and the Clean Energy Regulator will enter into contracts to purchase the emissions reductions from these projects. These contracts will give businesses confidence and certainty about the payments they will receive and provide genuine incentives and support to improve energy efficiency and agricultural productivity.

The Clean Energy Regulator will publish information after auctions about auction outcomes to help businesses understand the opportunities available to them under the Emissions Reduction Fund.

The competitive nature of this process will ensure that the Emissions Reduction Fund achieves the best value for taxpayers’ money. Payments will be made after emissions reductions are achieved.

Streamlining processes
Third, the Bill streamlines existing processes from the Carbon Farming Initiative, removing red tape to make it easier to register projects and receive credits.
• Fewer project registration steps will see projects approved more quickly.
• More flexible reporting arrangements will improve cash flow.
• A risk-based approach to audit means that lower risk projects will have fewer obligations.
• The simplified eligibility requirements around property rights will make project aggregation easier.

Importantly, the Bill will remove the 100-year permanence requirement, which has been a significant barrier to landholders increasing carbon stores in soils and vegetation. Landholders will now have the option of storing carbon for 25 years.

Approving estimation methods will be quicker and easier than under the Carbon Farming Initiative.

An independent expert body established under the current scheme will be broadened in scope and renamed the Emissions Reduction Assurance Committee. It will advise the Government to ensure methods are consistent with the scheme’s focus on genuine emissions reductions. The complex and time-consuming process of assessing every activity against the common practice test under the Carbon Farming Initiative will be removed.

Transitioning the Carbon Farming Initiative
Fourth, this Bill provides transitional arrangements for existing participants in the Carbon Farming Initiative.

Landholders and businesses with existing CFI projects will be able to transition smoothly into the Emissions Reduction Fund.

Existing Carbon Farming Initiative projects — such as projects to manage savannas, plant trees or capture methane from piggeries — will be automatically registered under the Emissions Reduction Fund and will be well placed to secure contracts at auction that will deliver them a guaranteed revenue stream for their existing projects.
Existing Carbon Farming Initiative projects will also benefit from less red tape, and simplified reporting and audit processes under the new scheme.

Finally, the Bill defines the roles and responsibilities of the Clean Energy Regulator. The Clean Energy Regulator has established a reputation as an effective, fair and independent body since its establishment, and has the required expertise to administer the Emissions Reduction Fund.

**Safeguard mechanism**

The Emissions Reduction Fund also includes a safeguard mechanism to ensure that emissions reductions paid for by the Government are not displaced by a significant rise in emissions elsewhere in the economy.

The safeguard mechanism will commence on 1 July 2015 and its detailed design will be given effect by a separate legislative package.

**Consultation and opportunities**

In preparing this Bill, the Government has consulted widely with business, environment and community representatives from across the Australian economy.

I would like to acknowledge the more than 300 organisations, businesses and individuals who have taken the time to contribute their expertise and ideas on the design of the Emissions Reduction Fund.

This feedback has made it clear that there are low cost emissions reduction opportunities across Australia that can be unlocked through positive incentives from the Emissions Reduction Fund.

The Emissions Reduction Fund is both an emissions reduction programme and a major environmental programme. It is also about substantial co-benefits to improve both economic and environmental outcomes.

It can be supported as an environmental programme whatever one's position on climate issues.

There are many types of projects that could be supported under the Emissions Reduction Fund. Examples include:

- Cleaning up Australia's waste sector by capturing the methane for flaring or generating electricity, improving local air quality.
- Emissions reductions from the transport sector — covering air, sea, road and rail activities — from technology upgrades, low emission vehicles and operational changes. Again, this offers real opportunities to improve local air quality and reduce dangerous particulate pollution.
- The capture of coal mine gas, which could be flared or used to generate electricity.
- Using alternative waste treatment facilities to stop the waste getting to landfills in the first place. This is an approach widely supported in Europe for generating clean electricity while avoiding noxious fumes.
- Capturing methane from waste water facilities at abattoirs and chemical processing facilities, with significant air quality benefits for neighboring landholders.
- Improving industrial energy efficiency at large energy using facilities through large scale changes — such as installing more efficient process heating and the replacement of boilers and furnaces — or pulling together smaller incremental improvements that aggregate up to large savings at power stations, cement and aluminium production facilities, and oil and gas extraction plants.
- Energy efficiency improvements in the commercial building sector, including offices, retail chains and education facilities. This could include partial and full retrofits of existing commercial buildings, installation of energy efficient lighting or fans, or the installation of co- and tri-generation.
- Improvements in the efficiency of household electricity consumption through aggregating up individual changes at large numbers of households, reducing household energy costs.
Projects to destroy the methane that is generated from manure in piggeries and dairies.
Projects to reduce emissions by feeding dietary additives to milking cows.
Projects to manage fires in savanna grasslands, supporting indigenous land management.
Revegetating land to improve water quality, and reduce erosion and salinity.
Replenishing the carbon content of soils to improve the health and productivity of Australian farms.

Conclusion
The Government knows that the protection of the environment and pursuit of economic growth are not mutually exclusive objectives.
They are two essential elements of a stronger Australia.
That is why we do not agree with the proposition that the only way to protect the environment is by destroying Australia's competitiveness.
And that is why we moved to abolish the carbon tax as our first act as an incoming Government.
There is a menu of approaches available to reduce emissions in different economies and societies.
For Australia, an approach that directly purchases emissions reductions through an Emissions Reduction Fund is a better way than an approach that raises prices for all Australians.
By building on the successes of the Carbon Farming Initiative, this Bill supports positive action by farmers, businesses and households.
This Bill will use positive incentives to reduce emissions, unlock economic benefits, boost energy efficiency and improve agricultural productivity.
This Bill makes economic sense for Australia. It makes environmental sense for Australia. It can be supported wherever one stands on climate change. The Government stands for practical actions that will achieve real, measureable results for the economy and the environment.
This Bill will deliver these results through the Emissions Reduction Fund.
Ordered that further consideration of the second reading of this bill be adjourned to 26 August 2014, in accordance with standing order 111.

Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014
Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014
First Reading

Bills received from the House of Representatives.
Senator PAYNE (New South Wales—Minister for Human Services) (16:21): 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 PAYNE (New South Wales—Minister for Human Services) (16:22): I move:
That these bills be now read a second time.
I seek leave to have the second reading speeches incorporated in Hansard.
Leave granted.
The speeches read as follows—

SOCIAL SERVICES AND OTHER LEGISLATION AMENDMENT (2014 BUDGET MEASURES No. 1) BILL 2014

This Bill introduces a package of measures from the 2014 Budget in the Social Services portfolio.

The 2014 Budget is key part of the Government’s Economic Action Strategy to build a strong, prosperous economy and a safe, secure Australia.

The Government’s welfare reforms encompassed in the Budget are aimed at increasing everyone’s ability to contribute to the economy – everyone who can contribute, should contribute.

The Government will continue to provide assistance for families, seniors, people with disability, carers and those most in need. The 2014 Budget includes $146 billion of welfare spending – or 35 per cent of total Budget expenditure. This includes pensions, family payments, unemployment benefits and childcare support.

However, our population is ageing, and government spending has been growing faster than the economy. This is placing greater pressure on our welfare system. We want government assistance to be targeted towards supporting the most vulnerable Australians, while encouraging those who are able to work or study, to do so.

Firm and decisive action is required to put the Budget back onto a secure and sustainable footing.

Budget measures

Seniors Supplement and Energy Supplement

To help ensure that payments to senior Australians remain targeted to those who need them the most, the first Budget measure in the Bill will cease the Seniors Supplement, currently received by holders of the Commonwealth Seniors Health Card (or the Veterans’ Affairs Gold Card) after the June 2014 payment.

However, other benefits will continue to be available to cardholders, including discounts on medicines under the Pharmaceutical Benefits Scheme, health safety net thresholds, and lower fees on medical services.

Recognising the Government’s commitment to abolish the carbon tax, while keeping in place the associated payment increases, this Bill will rename the former Clean Energy Supplement as the Energy Supplement, and maintain it at current levels from 1 July 2014 by permanently removing indexation of the supplement.

The new Energy Supplement will be available to people who formerly received the Clean Energy Supplement in association with their main income support payment, family payment or Veterans’ Affairs payment, or through being a holder of the Commonwealth Seniors Health Card or an eligible holder of the Gold Card.

Indexation and rates

Several changes and pauses to indexation for Australian Government payments will be implemented. These measures will help reduce our debt, but pausing indexation will not reduce payments.

These measures include pausing indexation of the income and asset free areas for all working age allowances (other than student payments) and for Parenting Payment Single for three years from 1 July 2014.

Family Tax Benefit income thresholds (for the maximum rate of Family Tax Benefit Part A and the lower income earner threshold for Family Tax Benefit Part B) will stay at current levels for three years from 1 July 2014.

The Bill will also ensure Parenting Payment Single is indexed only against the Consumer Price Index from 20 September 2014.
Disability Support Pension

The Bill will also introduce changes to help young people with disability to enter the workforce if they are able to do so.

From 1 July 2014, certain Disability Support Pension recipients aged under 35 will undertake compulsory work-focused activities, such as a programme with an employment service provider, work experience, or education and training, to help increase their chances of finding and keeping a job.

A targeted review will also be undertaken of Disability Support Pension recipients aged under 35 who originally accessed the payment under less rigorous impairment tables in operation between 2008 and 2011. Recipients will have their level of impairment reassessed against the current impairment tables, and will also have their work capacity reassessed.

People with a manifest disability or with a work capacity of zero to seven hours a week will not be reviewed under this measure. Recipients assessed as having an ability to work at least eight hours a week will be provided with the support needed to allow them to develop their work capacity, while still receiving the Disability Support Pension.

Workforce age and student changes

As part of a package of changes to simplify the social security system, and strengthen the incentives for young unemployed people to participate in education, training and employment, the Bill will apply the ordinary waiting period of seven days for all working age payments from 1 October 2014.

A further measure will ensure that, while a student can currently continue to receive payment even while they are overseas on holiday, students will continue to receive payments while overseas, from 1 October 2014, only in certain circumstances such as when studying or in a family emergency.

Family payment reform

Several reforms were announced in the Budget to improve the sustainability of family payments, while ensuring they continue to support those most in need of assistance.

The Government will continue to provide payment assistance to families to supplement their incomes. In 2014-15, the Government will provide around $19 billion in Family Tax Benefit. However, the payment should provide assistance to families who need it most, and encourage everyone who can work, to do so.

Amendments in this Bill, effective from 1 July 2014, will maintain the standard payment rates of Family Tax Benefit Parts A and B at current levels for two years until 30 June 2016.

Social and Community Services Pay Equity Special Account

The Bill will also make a non-Budget amendment to add the Western Australian Industrial Relations Commission decision of 29 August 2013 as a pay equity decision under the Social and Community Services Pay Equity Special Account Act 2012. This amendment will allow payment of Commonwealth supplementation to service providers affected by the decision.

Conclusion

Our welfare system must be sustainable and it must be fair. It needs to provide a safety net, whilst ensuring we are delivering a work-ready, not a welfare-ready, nation.

Our welfare system is complicated and costly and, in the Budget measures introduced by this Bill, we begin the work of making it strong for the future.

SOCIAL SERVICES AND OTHER LEGISLATION AMENDMENT (2014 BUDGET MEASURES No. 2) BILL 2014

This is the second Bill in the Social Services portfolio to introduce measures from the 2014 Budget.
This second Bill follows up the reforms to indexation and payment rates, supplements, Disability Support Pension, and student and workforce age payments already introduced in the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014.

**Indexation and rates**

Several further changes and pauses to indexation and deemed income arrangements for Australian Government payments will be introduced by this Bill.

Indexation of the income and asset free areas for student payments, and student income bank limits, will be paused for three years from 1 January 2015.

Indexation of the income and asset free areas for all pensions (other than Parenting Payment Single), and the deeming thresholds for all income support payments, will be paused from 1 July 2017 for three years.

The Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 introduced amendments to ensure Parenting Payment Single is indexed only against the Consumer Price Index from 20 September 2014. This second Budget Bill will similarly ensure all other pensions are indexed only against the Consumer Price Index, from the later date of 20 September 2017. This will help ensure the Age Pension in particular is sustainable, while pensions generally still keep up with the cost of living.

The Government will also change the level of a person's financial assets at which a higher return is deemed. From 20 September 2017, the social security and veterans' entitlements income test deeming thresholds will be reset to $30,000 for single income support recipients, and $50,000 combined for pensioner couples. The deeming threshold amount for a member of a couple other than a pensioner couple will be $25,000.

**Disability Support Pension and carers**

From 1 January 2015, recipients of the Disability Support Pension who travel overseas for more than 28 days in a 12-month period will need to reapply for the payment on their return to Australia. There will be some exemptions – for example, for people with terminal illness who are returning to their country of origin to be with family, or people with permanent and severe disability and no future work capacity.

This Budget has delivered $3 million in funding to honour the Government's election commitment to set up the Young Carer Bursary Programme, which will provide support for young carers in Australia who look after people with disability, people with physical or mental health issues, or older people in need of care.

The responsibilities of young carers can have a significant impact on their personal lives and educational opportunities. The Young Carer Bursary Programme will help reduce the financial burden on young carers by providing around 150 bursaries annually that will allow them to continue their studies.

This Bill will support the new programme by excluding from the social security and veterans' entitlements income test any payments made under the programme from 1 January 2015.

**Commonwealth Seniors Health Card**

A measure affecting the Commonwealth Seniors Health Card will include untaxed superannuation income received in the form of an account-based income stream in the assessment for the card. This will ensure people with similar incomes are treated consistently, whether they are being assessed for a payment such as the Age Pension or for the health card. Superannuation products purchased before 1 January 2015 by existing cardholders will be exempt from the new arrangements.
Related to this measure, holders of the Commonwealth Seniors Health Card will benefit from an extension from six to 19 weeks in the length of time they may be absent from Australia without having to reapply for the card on their return.

Workforce age and student changes

From 1 January 2015, young unemployed people aged 22 to 24 will no longer be qualified for Newstart Allowance or Sickness Allowance, and instead will be able to qualify for Youth Allowance (student) or Youth Allowance (other) until they turn 25 years of age.

The changes simplify the social security system, and strengthen the incentives for young unemployed people to participate in education, training and employment.

A six-month waiting period and time-limited income support payments will give young people stronger incentives to earn or learn. Young people will have access to a full range of supports to help them become work-ready, including employment services, training and relocation assistance. Exemptions exist for those with limited capacity to work, who are undergoing study, who have a significant disability, or who have parenting responsibilities.

In recognition of the importance of education and training in preventing future unemployment, young people returning to full-time school, vocational education or university will not be subject to the waiting period.

For every one year of work history, one month will be discounted from their waiting period, pro-rated for part-time or casual work, to a maximum of five months’ discount from the waiting period.

Also from 1 January 2015, the current Relocation Scholarship assistance for students relocating within and between major cities will be removed, as will the Education Entry Payment and the Pensioner Education Supplement.

Family payment reforms

Several further reforms will be implemented from 1 July 2015 to improve the sustainability of family payments, while ensuring they continue to support those most in need of assistance:

- The Family Tax Benefit Part B primary earner income limit will be reduced from $150,000 to $100,000. Families with primary earner income over $100,000 will not be eligible for Family Tax Benefit Part B.

- The Large Family Supplement will also be better targeted, by being directed to families with four or more children.

- The Family Tax Benefit Parts A and B end-of-year supplements provide additional assistance at the end of the year when Family Tax Benefit is reconciled against tax return incomes. The supplements will be revised to their original values of $600 and $300, and indexation will cease.

- Payments of Family Tax Benefit Part B will be available to families until their youngest child turns six. Transitional arrangements will apply for two years to families already receiving the payment for children aged six and over.

- The Government recognises that single parents have greater difficulties balancing work and caring for their children. This Bill will provide low-income single parents with extra assistance of $750 a year. This will be provided to single parents on the maximum rate of Family Tax Benefit Part A, and not receiving Family Tax Benefit Part B, for each child aged six to 12.

- The per-child add-on that currently applies for each child after the first under the income test for the base rate of Family Tax Benefit Part A will be removed.
Pension age

Building on the move by the former Labor Government to increase the pension age to 67 from 1 July 2017, this Bill will continue the gradual increase in the qualifying age for the Age Pension, and the non-veteran pension age, to 70 by 1 July 2035. The Bill does not change the pension age for veterans.

Australians are living longer, and our population is ageing. Between 2010 and 2050, the number of people aged 65 to 84 will more than double, and those aged 85 and over more than quadruple.

This will present challenges for economic growth, living standards and fiscal sustainability. The change in the pension age will encourage greater self-provision. Those who cannot fully support themselves before pension age are protected by the social security safety net, subject to meeting relevant eligibility criteria.

Veterans' Disability Pension

In the last Budget measure, the Bill will remove from 1 January 2015 the three months' backdating of disability pension under the Veterans' Entitlements Act 1986.

Conclusion

The Government is committed to ensuring our welfare system is sustainable and fair.

Ordered that further consideration of the second reading of these bills be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

Trade Support Loans Bill 2014
Trade Support Loans (Consequential Amendments) Bill 2014

First Reading

Bills received from the House of Representatives.

Senator PAYNE (New South Wales—Minister for Human Services) (16:22): 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 PAYNE (New South Wales—Minister for Human Services) (16:22): I move:
That these bills be now read a second time.
I seek leave to have the second reading speeches incorporated in Hansard.
Leave granted.
The speeches read as follows—

TRADE SUPPORT LOANS BILL 2014

Australian Apprenticeships are a critical component in ensuring the Australian economy has the skills it requires for its future competitiveness. On an individual level, apprenticeships also provide a valuable pathway into long term employment.

We know around 20 per cent of trade apprentices drop out by the end of their first year and 30 per cent by the end of the second year. Despite promising employment prospects and earning potential, many young people find the first few years of an apprenticeship financially difficult.

The Government is taking action to support Australian Apprentices when they need it most, to help them complete their apprenticeship and deliver these valuable skills to the economy. The Trade Support
Loans Bill 2014 introduces and underpins Trade Support Loans, to provide assistance to Australian Apprentices from 1 July 2014.

Trade Support Loans are concessional, income contingent loans, which function in a similar manner to FEE-HELP loans received by university students, and provide for up to $20,000 over four years directly to apprentices for undertaking an apprenticeship in a priority occupation or qualification.

Implementation of the Bill is estimated to have an impact on fiscal balance of $439.0 million over the forward estimates.

To encourage apprentices to complete their training, the loan amount received by an apprentice will be reduced by 20 per cent when they successfully complete. This means an apprentice who elects to receive the total $20,000 in loans will have their debt reduced by $4,000.

Trade Support Loans will be available to apprentices in occupations and qualifications on a priority list that I will determine. The priority list will include traditional trades such as electricians, plumbers and carpenters whose highly skilled occupations significantly contribute to productivity and the economy.

The Loans will be repayable at the same income thresholds as Higher Education Loans Programme loans for a university student, so apprentices do not have to repay any money until they are earning a sustainable income with repayments made through the Australian Taxation system.

Apprentices will be required to opt in to the Loans regularly, with the intention of giving them the opportunity to reassess their personal circumstances and make an informed decision about continuing to receive loans. This will reduce the risk of apprentices unintentionally accumulating large debts.

To provide support where it is needed most the loans will be paid in monthly in arrears to a total of $8,000 in the first year, $6,000 in the second, $4,000 in the third and $2,000 in the fourth year of the apprenticeship. The loans are more heavily weighted to the first two years when support is needed most. That is when apprentice wages are generally lower and the risk of withdrawal from training is highest.

Australia's future productivity and competitiveness depends on a skilled and trained workforce. Learning a trade is invaluable to the individual, the community and the economy, but learning skills doesn't come cheaply. The measures in this Bill will provide the regular financial support required for apprentices to complete their training.

By implementing Trades Support Loans, this Government is actively contributing to improve the apprenticeship completion rate, currently around 50 per cent. When an apprentice does not complete, there is a substantial loss of time and financial commitment which impacts on the Australian economy of skills not delivered and reduced productivity. Ongoing support such as that provided by the Loans will help mitigate these losses to apprentices, employers and the Government.

This Bill will further the Government's commitment to delivering highly skilled individuals in priority trades where there are growing skills shortages and will deliver improved productivity and competitiveness to the Australian economy.

TRADE SUPPORT LOANS (CONSEQUENTIAL AMENDMENTS) BILL 2014

The Trade Support Loans (Consequential Amendments) Bill 2014 makes consequential amendments to existing principle legislation as part of the Trade Support Loans Programme.

Debate adjourned.

MOTIONS

Budget

Senator POLLEY (Tasmania) (16:23): At the request of Senator Moore, I move: That the Senate notes the Government's Budget is an affront to Australians' sense of fairness.
Mr Acting Deputy President Furner, I also make note of the fact that this is your last session in the chair. I commend you on the way in which you have conducted yourself in the chair, which has been with humility and a sense of humour. I congratulate you. I know that I join with others in this chamber when I say that we will miss your contribution.

I rise today to reflect on what this current Abbott government is doing to this country and how the coalition's budget of broken promises is hurting Australians who are already under significant cost-of-living pressures. Those on this side, those opposite and the Australian people know that Tony Abbott's vision for this country is built on a web of deceit, lies and policies which hurt low-income people, families, pensioners, students and job seekers.

Unfortunately, of late, this place has become a political plaything for the current government. The Abbott government continues to try to pass legislation which is detrimental to Australians—more specifically, low-income families and low-income earners and, more recently, small business and industry. The coalition continues to spin lies to the Australian people about the financial strength and economic resilience of this country. However, the Australian people see through this. The Australian people understand the strength and resilience of the Australian economy and they know in their hearts that the coalition lied their way into government and that they fabricated the sense of a crisis. It was a shameful and deceitful way to seek to govern this country. Those lies have continued and are continually rolled out on a daily basis in this chamber.

The first Abbott-Hockey budget will go down in our country's history as a budget which tried to prosecute a shift in the Australian way of life—a shift in the very nature of how our country operates. It is a budget which attacks the very principle which makes this country the greatest country on earth—egalitarianism. The principle of egalitarianism permeates our culture, but this principle was hung, drawn and quartered in the first Abbott-Hockey budget. It was undoubtedly treated as a principle of insignificance by those opposite. It was tossed aside with blatant disregard, and those opposite cannot hide from this fact. They have done very little to try to defend this heartless budget.

We are the party which will defend the principle of egalitarianism, because Labor understands its importance to our history and our society. It is who we are; it is who we will always be. We will always be governed by the principle of egalitarianism because we understand it to be a principle which has served our country well. We as Australians understand that we should not leave our neighbours behind. Over the last 100 years, a social contract has been shaped in this country. It is a contract of principles which conducts the Australian way of life: access to universal healthcare and education; a fair and secure pension system; support for people who cannot work due to disability or caring responsibilities; and support that helps to get people into work. Over the last 100 years, Australians have fought for these principles and defended them at all costs. Successive Labor governments have stood by these principles because we believe they are fundamentally right. We have strengthened these principles to ensure that Australia is a place of fairness and that there is prosperity for all. Australians are rightly proud of a society which cherishes these principles.

Since they entered office, this government have failed in their responsibility to maintain and further strengthen these principles of the Australian way of life. Those opposite have engaged in a determined effort to change the way in which Australians see each other—that is what they are trying to do. They are determined to tear at the fabric of what makes this
country so great. This does not serve our country, it does not serve our society and it certainly does not serve our democracy. This government's attempts to do this will be resisted, because we on this side of the chamber will stand up for the principles of equity and fairness in our community.

Labor is working hard here in the Senate and in the other place to fight against the budget cuts to schools, universities, hospitals, pensions and family benefits. These cuts are not only deeply unfair; they represent reckless economic policy, because education and health are critical to Australia's future prosperity. As I have said on numerous occasions, we must invest in health and education because these are the bedrock of Australia's future security. And what does this government do? It rips away $80 billion in education and health funding and leaves the states out in the cold to wither away and die a very slow death. I am sure that those opposite have been keeping tabs on the media in relation to the effect this budget is having on their state colleagues in Victoria.

This Abbott government has engaged in wilful conduct to hurt low-income families, pensioners, students and job seekers. And Australians are aware of this. They are alert to the deceit and destruction by those opposite. They are standing as one in their condemnation of the first Abbott-Hockey budget. Australians are protesting across the country against this budget. Yet another protest will be held in my home state on Saturday, because the Tasmanian community have already felt the impact of this budget, let alone what will be theirs to endure when finally the state Liberal government brings down its budget in August.

The amount of correspondence to my office alone is unprecedented. And it would be no different for my colleagues on this side of the chamber. People are writing to us and contacting us through all mediums to enlighten us about how they are feeling about the impact of this harsh and heartless budget. Australians loathe this budget because they will be affected dramatically by its measures.

Let me start by reviewing the coalition's attack on pensioners and families. The Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 are perhaps the most significant pieces of legislation in Australia's history, because they represent a direct attack on families and pensioners. Both legislative instruments are built on Liberal lies and will push up the cost of living for all Australians. These bills betray Australia's 3.2 million pensioners, who were promised by the Prime Minister before the election that there would be no changes to their pensions. They are hateful measures which will impair the living standards of age pensioners, disability support pensioners, veterans and carers.

Hundreds of thousands of senior Australians who have worked their entire lives will have their payments cut. These bills also include a cut of $1.1 billion through the abolition of the seniors supplement for older Australians. This payment of $876 to people who receive the Commonwealth seniors health card will be gone. Further, the government is cutting $1.3 billion in pensioner and Commonwealth seniors health card holder concessions that help pay for their water and electricity bills and their rates and public transport. And, Mr Acting Deputy President, as you well know, that is not all. I wish it were, but it is not. Further pension cuts will follow. They may not be tomorrow, but they are coming. These bills also seek to increase the pension age to 70.
These bills are disastrous for all Australians who believe in a fair and caring society. And why are these measures necessary? Because the Prime Minister wants to pay $50,000 to wealthy women to take six months off work to have a baby through his $22 billion unfair and unaffordable Paid Parental Leave scheme.

These bills represent a total of $7.5 billion in cuts to family payments. Those opposite are tearing down family payments. And low-income families will be the worst off under this budget. Family tax benefits will be frozen by those opposite. A freeze to the low-income free area for FTB A alone will see more than 370,000 Australian families around $750 a year worse off in 2016-17. Further, the Department of Social Services has revealed that 700,000 families will lose their FTB B if the government gets its way and kicks families off the payment when their youngest child turns six years of age.

These vicious cuts have been brought down by an arrogant government. They will hurt these families and will hit my home state of Tasmania extremely hard. That is not all. The Prime Minister is trying to abolish the schoolkids bonus. Families will lose $410 per year per primary-aged child and $820 a year per secondary-aged child. A single income family on $65,000 with two school-aged children will be around $6,000 worse off each year by 2016 because of those opposite. Do those opposite care? Clearly they do not, or they would not be condemning these families and hurting these families in the manner in which this budget is doing.

Further to these attacks on families, the coalition wants to attack every other citizen of this country with the new $7 GP tax and $5 tax on prescriptions. I can assure the Australian people that Labor will vote against these new taxes when these bills are voted on in this place.

Now, I am not finished. This budget has more broken promises and twisted priorities, which continue with a further attack on the cost of living, with a 'great big new tax' which pushes up prices on everything. The increased petrol excise tax will not only hurt individual motorists; it will cripple small businesses across the country. Labor will vote against the government's plans to increase fuel excise because of the cost-of-living impact on low- and middle-income earners, which will be so detrimental to their budgets.

You must be thinking: 'Who else could this government hurt?' Who else could they slug with cuts or a new tax?' Students. Students are just starting out in life. They are looking to better themselves and want to contribute to the prosperity of this country, and Tony Abbott sees them as an easy target. Increasing university fees and student debt—

The ACTING DEPUTY PRESIDENT: Order! Senator Polley, you should refer to the Prime Minister by the correct title.

Senator POLLEY: Mr Tony Abbott sees them as an easy target. It does not matter whether we call him Mr Abbott or the Prime Minister. He is attacking the most vulnerable in our community in this budget.

Students, including those going to university, will not go without being scarred by this budget. These students will leave university and graduate with a second mortgage which will hurt any hope that they have of being able to buy a house and having a housing mortgage. Every student will be hurt. Again, I can assure you that Labor will vote against these measures. While the government is bullying the new crossbench senators to vote for cuts and
a tax on families, pensioners, students and jobseekers, Labor's Senate team will work with the crossbench to oppose the budget's unfair cuts.

Before this election, Mr Abbott promised a fair go for families. I do not think those opposite know the meaning of those words. Let us now reflect on the aged-care policy. As you would know, it is an area that I have some responsibility for. It is an area that I know most Australian families have an interest in. Right now, we have an aged baby boomer population entering retirement, so we need to take some serious action. What did we see in this place today from a government who, when they were last in government and sitting on the government benches, did not have the vision or the fortitude to address the needs, changes and reforms that were needed in aged care? They did not have the foresight or the vision to do that. It was up to the Labor government. When we came in, we developed the Living Longer. Living Better. aged-care policy. We took on the issue that needed to be dealt with.

_Senator Bilyk interjecting—_

_Senator POLLEY:_ Yes, that is quite right, Senator Bilyk. How many did they have? I cannot recall now. Was it six? Was it eight ministers when they bothered to have a Minister for Aged Care when they were under the Howard government? Now they do not even have a minister for aged care.

They have a government and a minister who is totally out of touch with aged care. On the last day of sitting before the new Senate, what did we have? An announcement by Senator Fifield in relation to the dementia supplement, which has been dumped. What did the people sitting on the government benches do? They tried to blame, yet again, the previous Labor government for an issue that we tried to address, because we understand that not only do we have an ageing population but the rate of people with dementia is increasing exponentially. What did we do in government? We introduced a dementia supplement. What did those on the opposite side do? Senator Fifield stood up in the Senate in question time today to announce he is axing the dementia and severe behaviours supplement because of a larger than expected uptake of the supplement, and he tried to blame Labor for this situation. The aged-care sector and the minister's department knew this was an issue late last year and had every opportunity to act before it reached this level and before the budget was announced. What did he do? He did nothing. He was sitting back, waiting to see whether he should take his head out of the sand, just as those opposite did under the Howard government when they failed to do the heavy lifting when it came to aged care. Senator Fifield had the audacity to claim the supplement had been bad policy when he had spent the previous nine months avoiding the issue and doing nothing. Why was he doing nothing? Because he has no plans for aged care.

They have no plans when it comes to education. They have no plans when it comes to real investment in infrastructure. The only plan that they have is to raise taxes and to cut funding. We know that, in aged care, they already took $1.1 billion away from those who work in the sector and from those that do the heavy lifting day in, day out by looking after older Australians. Our senior citizens deserve better from this government. What they really need is a minister for ageing, because it is quite blatantly obvious that those that have the responsibility currently for aged care do not have the vision, the strength or the convictions to ensure that the aged-care sector goes forward. They have no answers or vision for those challenges facing that sector going forward over the next 20 and 30 years. They do not consult with the sector, because, if they did, they would not know better. Those people that
are suffering from dementia, those people who happen to look after them and those families
deserve better from this government. *(Time expired)*

**Senator O’SULLIVAN** (Queensland) (16:43): As should always be the case when there
are two parties—I do not mean political parties but two parties generally—who are not agreed
on a topic, a subject matter, a fact or an opinion, every effort should be made by those parties
in the beginning of a debate to find and agree upon those issues. I open by saying that I doubt
that there is anybody on this side of the Senate chamber or amongst the majority of
Australians who would agree with the statement that the government's budget this year was an
affront to an Australian's sense of fairness.

In endeavouring to touch upon those things that I believe we can agree on with our
colleagues in the opposition, I suggest that we all here in this place and, indeed, in the
government and, I expect, in all walks of life in Australia want equality for all. There is no
contest between us in relation to that ideal. We want to see the application of fairness and
equity in our decision making, particularly when it applies to public policy and the
introduction of initiatives that will affect all Australians. We all want to see the following
generations have access, as did I, to affordable education and affordable health services. In
fact, we want that education and those health services to be cutting edge, best-practice
education and health services that compete significantly with those provided generally in the
developed world.

I am sure colleagues from the other side would agree that we want to do whatever we can
to help Australians, no matter what their circumstances, to realise their full potential. For
some, that may be that they want to invest in small business. For others, it might be a
technical or low-skilled career. Indeed, it could be any of the professions that are available in
Australia—professions that are highly regarded when having cognisance of our skills base
here compared to other parts of the world. We agree on the ideals of home ownership or, at
least, housing markets that allow people access to affordable accommodation if their
circumstances do not allow them to afford their own property. I suspect all of us in this place
are agreed on the ideal of sustainability in agriculture and primary production to the best
extent that we can, given our circumstances, in nurturing one of our greatest resources, the
nation of Australia, as it feeds us and contributes to our economy and provides food and fibre
for other parts of our region and, indeed, the world, particularly those in developing areas who
are themselves striving to an ideal of a middle class.

So the ideal of having an egalitarian society is one that I think is fairly shared by us all, but
I can say that all of the things that I have spoken about—all of those ideals and objectives that
I am sure colleagues across this chamber agree upon—cannot be achieved without an
economic capacity. I have now been in business for a very long period of time. My family
have been blessed in business. This nation and, indeed, my state of Queensland have
nourished us wonderfully. For that, I am particular grateful. But I learnt very, very early in my
business career that you simply have to have more income than expenditure if it is your
intention to have a successful business over a long period of time. In fact, before I went into
business, along with my dear late wife I learnt very early in my married career that, unless
your income exceeded your expenditure patterns, there were difficulties. Oftentimes the gap
could only be filled with debt.
We look at patterns that occurred between the fifties and the sixties in household budgets, prior to the onset of the ready availability of credit and then the very ready availability of credit cards and the ability to access money through so many mediums to make purchases, where our society became somewhat insulated from the cost of what it was doing, and we see household debts and, in many instances, business debts levels—as per the asset capacity of businesses and private homes—increasing by hundreds and hundreds of per cent over those couple of decades.

There really are only a few ways that a long-term budget can function and, when a budget comes out of balance, you have to make productivity gains, cut back on your expenditure, cut spending full stop or increase income. In the case of governments, the increasing of income can generally only happen through taxes and charges.

Governments are not immune from our basic principle that either budgets have to balance or borrowings have to be invested only in projects, particularly infrastructure, that will promote increased productivity that will of course, in turn, affect increases in the broad tax base that a nation, and particularly Australia, relies upon.

On the question of an Australian's sense of fairness, I think that statement would be challenged when one has regard to the fact that the previous government incurred five budget deficits in a row, leaving the coalition with a legacy of over $100 billion that was projected, if there were no fundamental structural changes to the economy, to rise to some $667 billion within a decade. These are the figures of the Treasury; they are not the workings of the coalition.

As a result of the coalition's Economic Action Strategy, which I suggest would appeal to an Australian's sense of fairness, the debt in 2023-24, as a result of the measures taken in the recent budget, will be $300 billion lower, at $389 billion, as opposed to the aforementioned projected $667 billion.

The International Monetary Fund warned that, without policy change, Australia would record the fastest spending growth of the top 17 surveyed advanced economies in the world. I promise you that, over time, one of those things that is present in almost every failed business enterprise that has been within my scope of knowledge is where you borrow money to fund increased spending growth within your business, where there is no plan to address the debt and no plan to address the deficits in your business. Ultimately, the music stops. And, when the music stops, there is often no chair to sit on.

The Monetary Fund also indicated that, between 2012 and 2018, we as a nation had the third largest increase in net debt as a share of the economy. I listen to commentary in this space, I listen to the criticisms and I listen to the ideas that are shared across this chamber as to what we ought now do post budget and one of the features I note with every suggestion put to the coalition is: we need to continue to spend money that we do not have.

I can tell you, with some certainty, that that will be seen as an affront to an Australian's sense of fairness. Australians have become aware of the potential of a perilous economic situation if debt is not reined in and if we do not do something to deal with the progressive structural deficits that are now presenting.
Again, not the politician but the businessman in me tells you that this will not be solved by spending more money, in particular, spending more money that the country does not have. That indeed would offend an Australian's sense of fairness.

If these deficits had been allowed to continue, they would have been the longest stretch of deficits since the Second World War. This year's interest bill alone could build a world-class teaching hospital in every capital city in Australia or, indeed, applying it to the circumstances in my home state of Queensland, it could duplicate the Pacific Highway, from Coolangatta through to Cairns and beyond—a project that would, if we could afford to do it and if we did not have to devote that money to debt servicing, generate one of the largest stimulations to this nation's economy that has ever been seen.

Figures of the type that we speak about, if broken down and returned to each federal electorate, would result in each member of the House of Representatives being able to take back to their constituents $80 million during their term of this parliament alone. The impact of these things permeates across all aspects of government spending. Indeed, during the term of the previous government we saw investment in defence fall to 1.56 per cent of GDP in the fiscal year 2012-13, the lowest level of defence spending since 1938.

We saw a 10.5 per cent cut in the 2012 Defence budget, which was the biggest cut since the Korean conflict. That, I think, would offend the sense of fairness of many Australians. I want to be very cautious here. I am not laying this statement at the feet of anybody; I am just stating a fact. But many Australian families have made a very large investment in the defence of our nation and I think they are entitled to see, as a minimum, able defence and properly funded defence as one of the focuses of any government of any persuasion. And so it is in the context of referring to Australia’s sense of fairness that I make that observation.

During the previous government—whilst we are on the subject of fairness—household health costs increased by 35 per cent. I think that would fail the test of fairness. Education costs increased by 39 per cent. I think that would fail the test of sense of fairness. Indeed, whilst talking about education and health, one of the things that everybody in this place needs to do is to be honest and open with the Australian people when they refer to free health and education systems. The two things in our society today which governments are largely responsible for delivering, health and education, are a long way from being free.

They may be free for some who have made their way through life either not making a contribution because of their circumstances or because they are simply indolent, but, I promise you, someone pays for health and education. I am proud to say that I have made my contribution along with many in my family and I promise you it is not free. Therefore I think that if Australians take the time, when the dust settles and some of the white noise around this budget disappears—and I see evidence that that is happening—they will understand that it is with a sense of fairness that all Australians, no matter what their circumstances are or what for many will be a minor way, will contribute to ensuring that we continue to provide affordable health services, some of the most affordable in the world.

I want to close by simply saying to those who would criticise the budget and those who would make the case that it is an affront to Australia's sense of fairness that they should probably travel a little bit more to some other points of the earth. Again, through my business interests I am well travelled and I promise you that even if a fraction of what we are able to deliver to our people in Australia, which I think meets our Australian sense of fairness and
equity, were delivered to some of the developing nations in our region and across the world, they would be delighted. Of the 25 million Australians, if there are some who are affronted by the sense of fairness of budgets that will maintain our standard of living, I recommend they buy themselves a ticket. (Time expired)

Senator CAROL BROWN (Tasmania) (17:03): I, too, rise to speak on the general business motion. Since Mr Abbott and Mr Hockey handed down their first budget we have spoken a lot about broken promises. We have, of course, the Prime Minister's promise that there would be no cuts to pensions, no cuts to health and no cuts to education. Mr Abbott told the Australian people that it was an absolute principle of democracy that governments should not, and must not, say one thing before an election and do another thing after the election. What we have seen is this government and this Prime Minister doing exactly that.

In order to break the promises they made to the Australian people, and the Australian people accepted in good faith, they have had to manufacture a budget emergency. We heard quite a lot of that in Senator O'Sullivan's contribution. I would like to put on the record here today in the words of our shadow Treasurer, Chris Bowen, that the Charter of Budget Honesty makes it harder for the new Treasurer to engage in these tricks. So Mr Hockey has gone to extraordinary lengths in the Mid-Year Economic and Fiscal Outlook, making an unwarranted and unasked for grant to the Reserve Bank and changing economic parameters and assumptions to double the forecast budget deficit by adding $68 billion to it since the election for the base political purpose of both demonising the record of the previous government and providing an alibi for cuts he always intended to make.

This budget is cruel and it is harsh. It is an attack on the long-held value of fairness—a fair-go for all Australians. It is an affront to Australia's sense of fairness. The measures in this budget are not fair for millions of Australians who will struggle to survive and will be condemned to a life of despair and poverty. It breaks the promise of hope, of fairness, of a future that sits at the heart of our great country. We will not support measures that destroy the fair-go that Australia has been built on and of which we are all justifiably proud—a kind and caring country where people look after each other.

The character of a government is best reflected by its budget. A government's budget tells more about its character, about its priorities and about what drives it than any slogan or glossy brochure ever could. And what this budget tells us about the Abbott government is stark. This is a government that offers no hope and no plans for growth, a government that offers only inequality and unfairness.

In his budget speech Mr Hockey said that the budget 'must always be about people'. This is a galling statement by the Treasurer. This budget is not about people. This budget is not even about debt or deficit or the budget bottom lines. Rather, it is about the twisted values and flawed ideology of the Abbott government. In his budget reply speech, the Leader of the Opposition, Mr Shorten, said that we, Labor:

… still believe in an Australia that includes everyone, that helps everyone, that lets everyone be their best, that leaves no-one behind.

This is the Australia that I know, that I work for and that those opposite so easily forget and cast aside. This is the Australia with a sense of fairness and equality at its heart that Labor will always fight for.

CHAMBER
In his book *Battlelines* Mr Abbott writes:

… conservative side of politics normally has to overcome the popular impression that the Labor Party believes in fairness while the Liberal Party just believes in good economic management. In my experience, the Liberals are hardly less passionate about fairness than members of the Labor Party.

On the contrary, Mr Abbott. Mr Abbott's first budget shows that he and his government are hardly passionate about fairness. This budget is not fair, and people are worried. The government knows that people are worried. I am sure that they are receiving the same emails, the same constituent calls, the same letters talking to them asking them to reconsider some of the harsher measures in their budget.

This budget is not fair, and it will leave millions of Australians worse off. The budget is not fair, and that is why people who speak to me are outraged and fearful, and that is why Labor will fight measures in this budget—to ensure that we preserve a fair go for everyone. Those opposite argue that the draconian budget measures are necessary because we are living beyond our means. That is not true. We know that under Labor there was low inflation, low interest rates and around a million new jobs created. We had low debt by world standards when Labor left office. Our net government debt was around 12 per cent of GDP, when other advanced economies around the world averaged 74.9 per cent.

Labor supports responsible savings, and this is what we did in office. In looking at savings measures, Labor always weighs up two considerations: the impact on long-term fiscal sustainability, and fairness. That is because on this side we do not believe that we need to choose between economic development and fairness. Unlike those opposite, we do not think our nation has to choose between growth and being fair. We know that budgets necessarily involve choices. But this is not a choice that we believe has to be made, because it is a false choice. Those opposite have set up this false choice on the basis of false claims, including claims that we are spending too much on welfare. These claims do not stand up. We spend less on welfare than any other country across the OECD except Iceland. If government expenditure is a problem, why would the Prime Minister want to pay wealthy women $50,000 to have a baby—a paid parental scheme that will cost $22 billion? Is that fair?

The Tasmanians I speak to do not believe it is fair. They are worried and scared about what their future and their children's future holds because of the Abbott government's budget. People are shocked by the government's decision to make $80 billion in savage cuts to schools and hospitals. Others are deeply concerned by the vicious cuts to family payments. One mother wrote to me that she feared she would not be able to pay her rent because she would lose $100 a fortnight under the changes to family tax benefit part B. She is distressed that she may not be able to provide a home for her two children, and she knows she will never be able to afford to pay for braces for her teenage daughter. A retired lady emailed me to tell me how the removal of the concessions will affect her and her husband. She gets a part pension and already lives very frugally. She rightly points out that the real impact of this budget is hidden in the detail. She says that the removal of the concessions will be, in her words, 'devastating'.

Perhaps most telling are the letters and emails I have received from Tasmanians saying that while they will not be adversely affected by the budget, because they are on high incomes, they are upset about the treatment of low-income earners and people who rely on a helping hand from the government to survive. They know this is not fair; it is not the Australian way.
Those already struggling will bear the brunt of this budget. They will do the Treasurer's heavy lifting. Sick people will have to find an extra $7 for the GP tax every time they go to the doctor. But of course we know that the GP tax payment is not going towards the so-called budget deficit; it is going to the Future Fund. They argue this case, they manufacture a debt emergency, but then they put in extreme, harsh measures that will affect the sick and those who can little afford it, and it is not even going towards the budget deficit. It does not make sense. It can only be because of an ideologically driven meanness; that is all it can be.

People ask how they can afford to take their children to the doctor and, if they have filled a prescription, how they will afford the extra $5 for that. Mr Hockey's attempts to dismiss the impact of the $7 GP tax demonstrates just how out of touch this government really are. They show callous disregard for the financial pressures facing average Australian families. One pensioner wrote to me about the impact of the $7 GP tax. She said she had recently been to the doctor, who sent her for a blood test and then called her back to discuss the results. This led to new blood tests and an ultrasound and another visit to the doctor to get the results. This pensioner said she would have been $42 out of pocket in two weeks. This is what she said:

I would not have spent the $42 on beer or cigarettes. It would probably go towards my power bill or food. I am, however, more concerned that children will not receive the medical care they need because some parents must decide between food and medical treatment.

The GP tax is not fair. Surely the lucky country can do better than this. There should be no choice for parents as to whether they feed their children or take them to the doctor.

It is not just pensioners and people on low incomes who are worried about the GP tax. The Australian Medical Association, which supports some co-payments, is emphatic about the $7 GP tax. The AMA president, neurosurgeon Brian Owler, said of the tax:

The co-payment is unfair and unnecessary. Ideology has pushed this proposal too far. The Prime Minister should step in and scrap this policy.

So, to be very clear, the peak doctors body, the AMA, says 'no' to the GP tax because it is unfair.

The budget is unfair in so many ways because it targets those who can least afford it. People will be faced with difficult decisions that could have a huge impact on their ability to engage in work and education, their health and the opportunities they have to go out and have a meaningful life.

Parents are not telling me that they are going to have to give up a takeaway coffee, but they are worried about being able to buy fresh food, meat and vegetables for their children. People are telling me that going to the doctor or filling a script will come at the expense of other essentials—petrol for the car or money for rent or the power bill. Pensioners are telling me that they will no longer be able to afford a bus ticket to go to the shops or to their neighbourhood centre or to visit friends or relatives. Families are telling me that their children will not be able to participate in school activities and sports. We are talking about people becoming socially excluded from their communities.

Services that provide food and emergency relief are telling me they do not know how they will meet the expected increase in demand for support. It is pensioners who tell me they are going hungry because they cannot afford to buy food as well as pay the rent and have a heater on. We know that pensioners and seniors have nothing to celebrate from this budget.
This budget will slash the current indexation system, which helps pensions keep pace with the cost of living. Had Mr Abbott's new indexation system been in place for the last four years, a single pensioner on the maximum rate would be around $1,500 a year worse off than they are today. Mr Abbott's decision to increase the pension age to 70 by 2035 will mean Australians will have to work longer, and their pension will be significantly reduced when they finally do get to retire. I know many people, especially blue-collar workers, low-income workers and women, will simply not be able to work until they are 70.

When Labor increased the pension age to 67 our decision was supported by a comprehensive review into Australia's pension system. This government has provided no evidence to support an increase in the age pension age to 70. We know that increasing the age pension age to 70 will mean Australia has the highest pension age across the OECD. This budget also abolishes the pensioner education supplement, from 1 January 2015, which is currently $62.40 or $31.20 a fortnight for pensioners undertaking approved study. Seniors who have accumulated modest savings to support themselves in retirement will also be hit by the abolition of the seniors supplement for holders of the Commonwealth seniors health card, after the June 2014 payment. None of these budget changes are good for pensioners or seniors or anyone looking to retire.

Those setting out to start their careers will also be hit unfairly by this budget. In my home state of Tasmania, the changes in this budget to tertiary education hit the University of Tasmania with a massive $30 million cut. Many parents and students have contacted me to say that they will not now be able to go to university, because they simply will not be able to afford it. We know that more than $172 million will be cut from equity funding for low-income students attending university. This will do nothing to help students from low- and middle-income families fulfil their ambition to go to university. They will be discouraged from studying because they will be faced with crippling debts.

This makes a mockery of Tony Abbott's 'learn or earn' mantra. Young Tasmanians already struggle to get a job. Access to higher education not only benefits students but is also important for the development of a more vibrant economy. Without equitable access to higher education, Tasmania will not be able to build a strong and smart economy in the 21st century. Mature age students who want to improve their skills and chances of getting a job will also be faced with higher fees and possible cuts to the subjects being offered. I have had young Tasmanians write to me, including several who already have university degrees but cannot get a job.

Other young people have asked me what happens if they are retrenched. The Newstart arrangements in the budget have people very worried. They are very unfair and harsh on all job seekers under the age of 30. They expect young job seekers under the age of 30 to have no support whatsoever when they look for work. A person aged under 30 who loses their job through no fault of their own will get nothing from this government for six months. They will not receive one cent. At the same time, the government is asking for the same job seekers, who receive no support whatsoever, to look for 40 jobs a month. They get no support and no money—not one cent. So how will they survive? What will they live on? Where will they live? How will they afford to prepare job applications or even get a job interview? Not everyone has a family who can support them for six months.
Contrary to the government's view, young people in Tasmania are not unemployed because they lack skills, qualifications or motivation to find work. There simply are not enough jobs. In parts of my home state, youth unemployment is as high as 20 per cent. That is one in five young Tasmanians who do not have a job. People who are living from fortnight to fortnight are already struggling with the cost of living, and these are the people who are hit the hardest by this budget. It is very difficult to find anyone who will not suffer because of the budget—unless they are wealthy. The budget pain for many has come from the decision to scrap the low-income superannuation contribution. This will mean 3.6 million low-paid workers will lose a yearly tax refund of up to $500. How on earth anyone in the government can say this is a fair budget is beyond me. It is an unfair budget. It is an affront to Australians. 

(Time expired)

Senator EGGLESTON (Western Australia) (17:23): The subject of this debate is that the government budget is an affront to the Australian sense of fairness. What a nonsensical proposition that is, if ever there was one. The Abbott government, is committed to fairness and equity for all Australians. But, on coming to office, the government found that the Labor government had left a projected deficit of $667 billion. I will just repeat it so you can think about it: $667,000 million. That is an enormous amount of money. After the Keating government left office they left a deficit of $70 billion—another large amount in the money of that time. It took the Howard government its entire period of office to pay off that $70 billion debt. But here we have this absolutely extraordinary debt of $667 billion left by the Rudd-Gillard government. It is almost beyond belief. What is the reason for this? How did this happen after the Howard government brought our budget back into balance? It is because the Labor governments under Gillard and Rudd had been up to their old tricks of living beyond the national means.

The national budget is very much like a family budget. You cannot live beyond your means without having consequences. Families who live off their credit cards and keep on getting more cards eventually come to a point where the credit card debt has got to be repaid. When the credit card debt cannot be repaid, the banks move in. They foreclose the mortgage on the house. They come and seize the car and other property. It is very sad to see it when it happens. But there is no basic difference, as I have said, between a family budget and a government budget. The Labor government was like a very irresponsible family that lost all sense of proportion in running up the credit card debt, and that is where the problem lay for the incoming Abbott government. We had this enormous debt to deal with, and the only answer to that is a stringent budget so that we can be responsible in spending and do everything possible to reduce debt. That is really the long and short of the story of this budget.

For the opposition to claim that the budget and its measures are an affront to the Australian sense of fairness totally misrepresents the facts. The Australian government is acting with a sense of responsibility—which means fairness, in my view—to the citizens of Australia to ensure that their currency value is maintained and that this country is living within its means. For the ALP senators to claim today that the responsible approach taken by the coalition is somehow wrong and shows a lack of sense of fairness is just bizarre, in my view. It is crazy. It is nonsensical to take that point of view. Is it fair, I might ask in response, for a family to put their home in jeopardy, to put in jeopardy their ability to feed themselves and their children and to put in jeopardy their ability to look after their family when they are ill? Is any
of that fair? Well, of course it is not because a family that does that is acting irresponsibly in spending beyond its means and running everything up on credit cards.

There is nothing fair about putting families in financial jeopardy, and that is what Labor has consistently done in the years since Paul Keating came to office. It took the Howard government the term of its office to bring the budget back into balance and, again, we find that, after the Rudd-Gillard government, we have this unbelievable debt of $667 billion. That is massive, so tough measures are needed. It is kind toughness. This government is not an unfair government. This government is not putting people's lives or health or welfare in jeopardy. It is going to maintain services but it has also got to reduce debt, and that is what this budget is really all about. It is just total nonsense for the ALP to claim in this chamber that it shows that the government does not care and that it is breaching the Australian sense of fairness. It would be terribly unfair to have people put in a position where they could not feed their families, look after their kids or pay off their mortgages.

This budget is a key component of the Abbott government's economic action strategy that will build a stronger, more prosperous, safer and more secure Australia. The key message of this budget has been that Australia must contribute and build. This budget calls on everyone and every business to contribute to, join or grow the workforce, to boost productivity and to help build a stronger economy with more investment. The budget redirects taxpayers' dollars from unaffordable consumption today to productive investment for tomorrow. It does this while supporting the most vulnerable in the community—exactly the opposite of what this rather odd motion says it does—and takes significant steps towards ensuring that the government can live within its means. The Abbott government has reduced the Labor deficits by $43.8 billion through to 2017-18. Gross government debt is also forecast to be $389 billion—in other words, more or less half of what it is now—in the 2023-24 budget, compared with the $667,000 million debt that Labor left. The forecast includes providing for future tax relief to address bracket creep.

The signature budget reforms in the Hockey-Abbott budget mean that essentially the days of borrow and spend must come to an end and the time to contribute and build has begun. The infrastructure growth package will take the government's transport investment to $50 billion by 2019-20 and, as a result, total infrastructure investment from Commonwealth, state and local governments, as well as the private sector, will build to well over $125 billion by 2019-20. There will be full deregulation of the higher education sector, which will remove fee caps for universities and higher education providers and expand the demand-driven system to bachelor and sub-bachelor courses at all accredited higher education providers. Australian universities will be able to compete with the best in the world by having the freedom to innovate, a greater ability to invest in world-class research and the capacity to respond to the needs of students and businesses. Some fees may go up, but other fees are expected to fall.

The government will create the world's largest medical research endowment fund, the $20 billion Medical Research Future Fund, and contributions to the fund will come from a new patient contribution to health services and from other health savings from the budget. The endowment fund, when mature, will double the current direct medical research funding, with an additional $1 billion per year.

Young people with a work capacity will be required to be earning, learning or participating in Work for the Dole. Businesses will receive up to $10,000 for employing workers older than
50 who have been on income support for six months or more, meaning there will be stronger incentives to hire older workers.

Most importantly of all, the budget takes steps to ensure the government is living within its means and to rein in the age of entitlement. The government will reform the age pension to make it sustainable. That includes gradually increasing the pension age to 70 by 2035 and linking pension indexation to CPI movements from September 2017. Family payments will also be changed to target payments to those who need it most. Eligibility will be tightened on family tax benefit part B. Low-income single parents will be able to access new assistance of $750 per annum for each child aged between six and 12. All payment eligibility thresholds will be maintained for three years from 1 July 2014, for non-pension payments and allowances like Newstart, and from 1 July 2015 for private health insurance and so on.

This budget is very far from an affront to fairness, as the Labor Party claims that it is. This budget is going to look after the needy in our community, while practising fiscal responsibility. So we might ask: what is the overarching message of reforms to welfare and social services? Why are the government doing these things and how does this fit within our budget message? The government recognise there will be periods during people's lives when they will be unable or not expected to participate in the workforce, such as when they are raising a family, caring and so on. During these periods, the government will support those people who need to be supported. However, we think as a society we need to question whether we have made it too easy for people to not work or study when they have the capacity to do so.

And what about social security and welfare expenses, you might ask—what is the government going to do there? Is this going to be an affront to fairness, as the Labor Party claims it will be? Of course it is not. The Commonwealth social security and welfare expenses make up 35 per cent of the budget, or around $146 billion of expenses in 2014-15. This is a slight increase since 2013-14, when expenses were expected to be $144 billion. The reforms to social services and welfare which the Abbott government has introduced will reduce the medium-term growth in expenditure, and those medium-term projections show that payments in the 2023-24 budget year are now expected to be around $20 billion lower than the estimates at the 2013-14 MYEFO.

Yes, there will be change to pension payments and pensions, but again this is not an affront to fairness. It is responsible financial management. The government promised before the election there would be no cuts or changes to pensions during this term of government and the budget confirms this commitment. The government is making some long-term changes to pensions which include indexing the pension base rate to CPI from 2017-18, freezing the income and assets tests threshold for three years from 2017-18, resetting the deeming thresholds from 2017-18 and increasing the age to be eligible for the age pension to 70 by 2035. Is this reasonable, it might be asked. People are living longer now and people are able to work for longer periods because they are fitter and healthier. Let us face it, if people are not out there doing something, working, then they often waste away or pass away. So in increasing the pension age to 70 we are recognising the reality of the greying of Australia, the so-called increasing age of the Australian population and the fact that most people in the population want to keep on doing things and if possible have a regular job because working gives people a sense of dignity and a sense of place and provides meaning to their lives. But,
you might ask, since Labor has put up this terrible motion about an affront to the sense of fairness of Australians with this budget, what about current pensioners? Will they be affronted and feel that they are being dealt with unfairly? I think not, because in fact there will be no cuts or changes to pensions during this term of government. Changes, including the increase of the pension age, occur gradually and allow plenty of time for retirement planning.

Another issue that people worry about, having been scared by the ALP, is whether any pension payments will decrease per fortnight under the Abbott budget. The truth of the matter is that current pensioners who are still eligible for a pension from 1 July 2017 will not experience a decrease in their pension payment as a result of changes to indexation of thresholds and rates. The government is changing the way the pension payments increase. Pension payments will continue to increase after the changes come in. The changes to payment amounts represent forgone gains, not a reduction in dollar benefits, and payments will still go up, just by a little less than they might have otherwise. Resetting the deeming thresholds may result in a small number of pensioners receiving a lower rate due to being wrongly assessed as having more income than they actually did.

So how much, you might ask, will this save over the forward estimates in the medium term? These changes to pensions will achieve savings of about $1.2 billion over the forward estimates. This saving comes in after the next election anyway. According to Treasury medium-term projections, savings in old age and service pensions are estimated to cost around $30 billion nominally over the 2018-19 to 2024-25 budgets. So it is long way away and it will be very gradual.

How does this compare with the previous arrangements? Previously the pension was indexed to the higher male total average weekly earnings pensioner and beneficiary living cost index. The government will achieve savings of around $1.5 billion over four years from 2014-15 by maintaining indexation of eligibility thresholds for Commonwealth payments for three years from 1 July 2014. A further saving of around $450 million over the same period will be generated by indexing pensions and equivalent payments and parenting payments for a single person by the consumer price index, or the CPI. According to Treasury medium-term projections, savings in age and service pensions are estimated at around $30 billion. Again it is a responsible approach being taken by the Abbott government.

I have sat in my office and listened to some of the really quite silly and outrageous claims made this afternoon by members of the ALP in the Senate about the total unfairness of this budget. I find it very disappointing that people who are responsible senators should be scaremongering in that way and seeking to frighten the Australian people when what the Abbott government is doing is acting in a very sensible, restrained and measured way to do something about bringing this $667,000 million deficit under control, reducing it so that Australia has some room to do new and innovative things, to introduce new government programs rather than being crippled by what must be one of the biggest debts in any nation's history when compared to our gross national product. It is quite ridiculous that otherwise sensible people who belong to the ALP should be putting forward such absolute nonsense. I can only say that I am completely mystified by their motivation when they know full well that the Abbott government budget is a very fiscally sound and totally responsible budget.

The ACTING DEPUTY PRESIDENT (Senator Fawcett): Thank you, Senator Eggleston, for your contribution to this and many prior debates.
Senator FURNER (Queensland) (17:44): I rise this afternoon to make a contribution in respect to this notice of motion of the government's budget being an affront to Australia's sense of fairness. In doing so I would like to respond to Senator Eggleston's remarks in some regard. I do wish him well in his future; he has been in the Senate for a long period of time and is a very learned senator from Western Australia. I would like some explanation around the 'age of entitlement'. We keep hearing of this value, or this reported position, that the government puts forward in respect to having a need to bring down a budget that affects virtually everyone in some way, shape or form. I am yet to hear the reasons behind why there is a need to harm and cast pain upon many, many people in society when they find out about the tax and the cuts that they will be presented with as a result of this Abbott-Hockey budget. It is not just us on this side that have been aerating those concerns; it is also the public. You would think that it is only the Labor Party presenting this argument, but it is not.

I get out, like most Queensland senators do, and talk to our constituents. Of late I have been in particular areas in some of my duty seats and have heard from people firsthand, on their doorsteps, about the concerns they express in regard to how this budget will affect them. I also ventured into some of the universities, and shortly I will get to the concerns they have expressed to me about how this budget will affect university fees and higher education. I would like to read an email, which I received today, into Hansard. It says: 'Senator, I am writing to you in an attempt to request that you do not pass the proposed Abbott government's budget for 2014. Mr Hockey has designed a budget that takes from the most vulnerable and supports big business. As a taxpayer for almost 40 years I am appalled at the callousness of the Hockey-Abbott budget. The friends I have spoken to, even the Liberal voters, are also disgusted with the unfair and brutal proposals in the current budget. I appeal to your humanity and urge you not to accept a budget that would severely disadvantage those Australian citizens who are already financially challenged. On behalf the people who feel most powerless I believe you have an obligation as an elected member of the Senate to vote accordingly. Allow Australians to live with a dignity all of us deserve.' That is from a constituent of mine who believes that the Hockey-Abbott budget has gone too far, that it is callous and that it is attacking those who are most vulnerable.

We know that it is the budget that will affect GP payments. There will be a $7 GP fee for X-rays, blood tests and visits. There will be extra charges for medicines and an increase of $5 per prescription. That is factual; it is not a scare campaign. The public of Australia get this; they understand it. They realise that, should these measures be introduced—measures that we will block in this chamber—it will be difficult to make ends meet. We know it will be difficult for those that are so vulnerable to make ends meet in many areas.

Everyone will be touched across the board by the new fuel excise. Not only will it affect motorists, but it will affect small businesses and people in aftermarket sales that sell goods and services in car marketing, car parts and sales. People will be looking at other measures to make ends meet. I know for a fact, through previously being an organising with the Transport Workers Union, what people do when it becomes tough in terms of whether they put fuel in their car or truck and whether they can look at making cuts elsewhere. It is not good. If you look at truckies, they know they have to put fuel in their trucks. A person on a low income knows they need to put fuel in their car. The next thing that happens is that they start cutting the servicing needs of the vehicle—whether it be the tyres, the maintenance or parts—and that...
then affects the running of that particular vehicle. So, equally, the concern is not only the affordability of those parts, the servicing and the tyres but also the condition of our roads and highways throughout this nation. We know that it has a long-term effect as a result, not just of paying for the increase in the fuel but also of making our roads more and more unsafe.

As we know, the pension age has been increased from 67 to 70. I am pretty certain there was some polling done on this recently when up to approximately 70 per cent of the nation opposed having the pension increased to that age. In addition we know the indexation for pensions from MTAWE, which is the current measure, to the CPI figure will alter the mechanism of increases to the actual pension. I heard Senator Eggleston indicate that that is not going to change the outcome as a result of the indexation of the actual pension increase. Well, no-one can give any guarantee on that. Once again, relying on my past experience in industrial agreements, I know that, once you alter the mechanism on the indexation of a wage or on a cost-of-living increase, you alter the mechanism of the outcome of what the earning is. I know that the CPI, over a period of time, has decreased since it has been a measure. I can recall periods when the CPI was handed down quarterly and delivered zero increase. It has not accumulated, it has not decreased and it has delivered zero output. If you use that example of where the CPI has been handed down in a particular period of time, we know for a fact that the pension increase will have a zero effect.

The current system, which we introduced, the MTAWE, the male total average weekly earnings, is a fair and reasonable proposition and mechanism to allow pension rates to increase. Certainly over our period of time in government we were very proud to have one of the highest increases in pension outcomes as our Labor government handed down pension increases throughout the nation.

In addition there will be cuts to health and education worth $80 billion, and I mentioned briefly the $7 fee for GP visits. In addition there will be increases to university fees and there will be higher HECS debts for students. There will also be changes to the unemployment arrangements, where an imposition will be placed on those who are most vulnerable, and they will not be receiving any payment for six months at a period of time when they probably need that payment the most. These are people who are most vulnerable in our society who will be placed in a situation where they cannot make ends meet.

I want to focus on higher education and indicate that we as an opposition will fight the Abbott government's extraordinary war on science and the CSIRO. I believe today there has been a national day of protest against the Abbott government's savage budget cuts to science.

Senator Ian Macdonald interjecting—

Senator FURNER: As I indicated earlier, I have been visiting some of the universities; in fact, up around Senator Macdonald's area in Cairns not long ago I visited the JCU. It is always a privilege to visit some of these establishments and to be shown the good work they do and the good outcomes that can be achieved by funding universities and higher education and ensuring that we are in a situation where we can provide better science and better outcomes—not just in our country but also overseas.

The funding cuts to the CSIRO and other science agencies do have the potential to treble the cost of a science degree, and the attitudes that drive this government amount to an extraordinary attack on science. The Abbott government has cut $878 million from science
and research agencies, including almost $115 million from the CSIRO. Nearly 900 scientists will lose their jobs, and at least 500 jobs will go from the CSIRO. There is a CSIRO not far from where I live, out in the Samford Valley. I wonder what will happen to that establishment should these cuts go through and affect the CSIRO in the Samford Valley.

Ninety-six jobs will be cut from Geoscience Australia, 64 from ANSTO and 58 from the Bureau of Meteorology. The government says it wants to find a cure for cancer; so do I. I indicated last night in my final speech that for several years I have been working with Relay for Life and Cancer Council Queensland. My team has raised over $120,000 to hopefully one day find a cure for that insidious disease, cancer. But how does the government propose to do deal with that or with the other great challenges that confront us—whether in health, agriculture or energy—by sacking scientists? We will not get an outcome. We will not see a situation where one day hopefully we will find a cure for cancer. Labor values the work of the CSIRO and Australian researchers and we will keep fighting for them. Once again I reflect back on my visits to JCU, and I also reflect on the fact that I have a son studying for a Bachelor of Science degree at the JCU. His costs currently at JCU Cairns amount to $25,000 over 13 years. Should these changes be introduced and go through the Senate, those costs will increase to $56,022 and will take up to 22 years to pay off. Unfortunately, the situation will arise where my son will not be in a position to further his studies as a result of this insidious attack on university students and on universities throughout this country.

During my visits to the JCU it has been such a pleasure to see some of the initiatives they have in place. For example, the TropWater program monitors sea grass, and it was important to hear from them about the Abbot Point port up near Bowen and the outcomes that they identified in making sure that they have thorough and concise information to provide to the public about what it would mean to dredge that particular harbour. In some respects it refutes some of the things that some of the extreme groups are saying could happen as a result of dredging that area. I was pleased to hear firsthand from them about the results that they delivered. That is why it is important to have organisations and universities to deliver concise, thorough, ethical information based on science.

The other important area that JCU highlighted in their presentations was their concerns about what might happen in asset sales proposed by the Queensland LNP government. There is no real science on this, of course, but you can imagine there would be issues around limitations to ports as they are handed over to private enterprise. No doubt once you hand government entities over to private entities certain limitations apply in respect of entry, examination and research in their particular areas.

It was also amazing to go to the herbarium area and look at some plant samples. They are on the cusp of finding new flora samples around our state. Up in the savannah area—and Senator Macdonald would know that area better than I do—they are finding new species of flora that may possibly lead to the cure of some particular illness or disease, and it is important that the funding to the herbarium continues.

In addition, we went to the aquarium, where they study the reef in an amazing atmosphere and surrounds. You would swear, if you put blinkers on, that you were actually out on the reef having a look at a shark or a fish going past. It is important that their funding continues to be provided. They currently rely on documentaries, like those produced by David Attenborough, for funding.
On my last visit to JCU I went to the Eliminate Dengue Program, which is completely funded by Bill Gates. This sort of funding is not affected by the cruel cuts of the Hockey-Abbott budget.

Debate interrupted.

**DOCUMENTS**

**The DEPUTY PRESIDENT** (18:00): Order! It being 6 pm, the Senate will proceed to the consideration of government documents.

**Great Barrier Reef Marine Park Authority**

Debate resumed on the motion:

Senator IAN MACDONALD (Queensland) (18:01): I have just heard Senator Furner give a very eloquent speech—perhaps his last in this chamber at least for the present time—talking about the science work done in JCU and in the North generally, and the Great Barrier Reef Marine Park Authority is certainly part of that overall scientific grouping in the North. For many of the speakers who took part in the last debate on the budget, that was their last major contribution to the Senate. They all did a wonderful job promoting their particular views on the budget. My only comment on the debate is that the hard work of the Abbott government in fixing the financial mess that our government finds itself in because of the previous government will mean that those leaving us will live a better future—their future lives will be better, as will be those of their children and grandchildren.

The Great Barrier Reef Marine Park Authority does a great job and I do want to speak more about that at some later time. At this moment I simply seek leave to continue my remarks later.

Leave granted; debate adjourned.

**Australian Reinsurance Pool Corporation**

Senator IAN MACDONALD (Queensland) (18:03): I move:

That the Senate take note of the document.

The annual report of the Australian Reinsurance Pool Corporation for 2012-13 is a very interesting document for those of us who have been very concerned in recent years about the huge increases in insurance premiums in the North. Many of us who live up that way, many of us who represent those areas in this parliament, have not quite been able to comprehend why insurance premiums have risen so substantially in recent years. The common and simple response—I do not want to verbal the insurance industry—is that claims through cyclones have meant that in many instances the insurance business in North Queensland and Northern Australia is not viable. There was a stage when it was practically impossible to get insurance for strata title units in the North. Things have improved a little bit of late, and all credit and all thanks for that goes to the work of Senator Sinodinos when he was the minister in that area, and that work has been continued by Senator Cormann. The government has looked seriously at this and has given greater focus to the plight of those seeking insurance in the North, and there are some initiatives underway.

The Australian Reinsurance Pool Corporation is mentioned to me often. It was set up following 9/11 when the insurance industry felt that it was not in a position to cover all risks
associated with terrorism. It meant that, if you tried to insure your place or your business or anything in Australia against acts of terrorism, you could not get insurance because the insurance companies, frightened by 9/11, just would not insure. There was a complete market failure. As result of that, the Howard government set up the Australian Reinsurance Pool Corporation, and it is the corporation's report that is before us today.

This is an interesting report. The corporation is an element of government activity that I suspect few senators are aware of. I must confess that I am no great expert on it. It has been suggested to me by people in the industry that this could perhaps provide a model if there is a market failure on insurance in the North. People refer me to New Zealand's Earthquake Commission. Again, my knowledge of that is limited, but in the broad I understand it does a similar thing to the Australian Reinsurance Pool Corporation—that is, underwriting major events. We have the examples of earthquakes in New Zealand and of terrorism activities as they might impact upon insurable assets in Australia, and then we have risk insurance in northern Australia which is said to be caused because of the greater claims risk following some cyclonic events.

The Government Actuary did some work on the claims events but unfortunately it only took into account the period that covered Cyclone Larry and Cyclone Yasi and did not include the longer period when cyclones were not around. I have indicated to the minister that I really want the actuary to take a closer look at a wider period of time, because if you just take the years between two major cyclones you will get a bad-risk profile. But if you take it over a wider expanse of time, you will get a more realistic view of that. This Australian Reinsurance Pool Corporation is an interesting thing that can be looked at, and it is something I will be looking into a bit further as it does provide some thought for things that might be done to address this problem.

**Senator McLUCAS** (Queensland) (18:09): I also want to take note of the report from the Australian Reinsurance Pool Corporation, an entity which has been raised to quite extraordinary heights in Far North Queensland and in North Queensland as the potential solution to the problems we have seen following quite large increases in our insurance premiums, particularly for strata title properties as well as for other insurance. Senator Macdonald is quite right—many of us cannot comprehend why these large rises in insurance have occurred, but he is also quite right to point to insurance companies having to make a judgement about what the real risk is in North Queensland. Insurance companies have to consider a whole range of variables, and one of them is climate change. This is not the direct driver of the growth in insurance—the biggest driver of growth in insurance premiums in the North is a re-evaluation of risk, particularly around strata title properties.

Senator Macdonald said he is quite interested in using the underwriting of the Australian Reinsurance Pool Corporation which, as he quite rightly said, was established to underwrite terrorist activities. But a cyclone is not a terrorist activity and so, in my view, it is quite inappropriate to use this tool where the market has failed. You cannot insure for terrorism—Senator Macdonald is quite right about that. But to use a pool of money allocated for the uninsurable for what should be insurable in a realistic way I think is a silly idea. We live in Far North Queensland and tropical North Queensland—we can predict that we will continue to have cyclones and, in fact, under climate change we will have more severe cyclones. I think the government thinks that as well, because their response in the budget was not to go
down that track, even though some of Senator Macdonald's colleagues have suggested that that is a way to go forward.

Like Senator Macdonald, I will look closely at the response the budget proposed to the problems we are facing in North Queensland—a website that will assess the products that are available—and I have had some advice that questions the suitability of a website and what it might do for the market. The other proposal was to establish a fund taking $12.5 million out of the $70 million that had been allocated by our government for mitigation events to do engineering assessments of strata title units. That is not a bad idea, but the market is already doing that—CGU Insurance is out there doing that, and other insurance companies I have met with are also thinking about ways that they can work with our community to make sure we end up with sensible decisions about the real risk to properties in Far North Queensland and North Queensland, particularly our strata title communities.

I want to take this opportunity to commend the work of James Cook University which, since Cyclone Althea, in my view has been the world leader in establishing work around the building code. This has meant that since 1985 houses built in North Queensland have been built to a higher code that truly mitigates against real damage. We also have to look at the real cause for cost to an insurable property for strata title units. James Cook University is saying very clearly that the real impact is around water inundation, and not wind damage, so there is a lot of work to do. I remain committed to working with our community to work in a honest way—not a way that sets up expectations like Mr Entsch has done. I commend Mr Jones, the member for Herbert, and Mr Crisafulli, the member for Mundingburra, for taking Mr Entsch on and saying that his potential use of the Australian Reinsurance Pool is silly. I seek leave to continue my remarks later.

Leave granted.

Senator IAN MACDONALD (Queensland) (18:14): Mr Deputy President, under standing order 191, I would like to again be heard on the question that Senator McLucas has just spoken on—the Australian Reinsurance Pool Corporation. I would challenge what Senator McLucas has just said about my colleagues, but that would be debating and introducing new subject matter. I want to make it clear to Senator McLucas and to the chamber that I was not suggesting that the Australian Reinsurance Pool Corporation funds should be used for risk relief—

Senator McLucas: On a point of order, Mr Deputy President: I understand that, under standing order 191, the senator has to say whether he feels he has been misunderstood or misquoted.

The DEPUTY PRESIDENT: No, he does not have to say that. He has the right to do what he is indicating: he is correcting the record, if you like. He cannot enter into debate about this—and I am listening very carefully. He has not entered into debate yet. He is just giving an explanation of how he may have been misunderstood, which he can do—or he can correct something that he feels needs to be corrected.

Senator IAN MACDONALD: I am just suggesting that I think Senator McLucas may—quite genuinely—have thought that I was saying that we should use this corporation for northern Australia. I was not saying that. I did not say that. If you thought I said that, you have misunderstood me. What I was saying was that the scheme introduced in relation to
terrorism, which is manifested in the Australian Reinsurance Pool Corporation, is something that might ultimately have to be looked at in relation to insurable risks in northern Australia.

Debate adjourned.

**DOCUMENTS**

**Consideration**

The following orders of the day relating to government documents were considered:


- Productivity Commission—Report No. 63—Safeguards inquiry into the import of processed tomato products. Motion of Senator McKenzie to take note of document called on. On the motion of Senator Back the debate was adjourned till Thursday at general business.

- Productivity Commission—Report No. 64—Safeguards inquiry into the import of processed fruit products. Motion of Senator McKenzie to take note of document called on. Debate adjourned till the next day of sitting, Senator Urquhart in continuation.


- Productivity Commission—Report No. 68—Safeguards inquiry into the import of processed tomato products. Motion of Senator Bushby to take note of document called on. On the motion of Senator Back the debate was adjourned till Thursday at general business.


Defence Abuse Response Taskforce—Sixth interim report to the Attorney-General and Minister for Defence. Motion of Senator McEwen to take note of document called on. Debate adjourned till Thursday at general business, Senator McEwen in continuation.


Order of the day no 19 relating to government documents called on but no motion was moved.

COMMITTEES

Environment and Communications References Committee

Membership

The DEPUTY PRESIDENT (18:17): Order! The President has received a letter requesting changes in the membership of a committee.

Senator RONALDSON (Victoria—Minister for Veterans' Affairs, Minister Assisting the Prime Minister for the Centenary of ANZAC and Special Minister of State) (18:17): by leave—I move:

That Senator Urquhart be appointed as a member of the Environment and Communications References Committee, with effect from 1 July 2014.

Question agreed to.

Consideration

The following orders of the day relating to committee reports and government responses were considered:

Abbott Government’s Commission of Audit—Select Committee—Final report. Motion of the chair of the committee (Senator Di Natale) to take note of report called on. On the motion of Senator Bushby the debate was adjourned till the next day of sitting.


Economics References Committee—Performance of the Australian Securities and Investments Commission—Interim report. Motion of Senator McEwen to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Education and Employment References Committee—Technical and further education system in Australia—Report. Motion of Senator Bilyk to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Electoral Matters—Joint Standing Committee—Conduct of the 2013 federal election: Senate voting practices—Interim report. Motion of Senator Faulkner to take note of report called on. On the motion of Senator Bushby the debate was adjourned till the next day of sitting.
Abbott Government’s Commission of Audit—Select Committee—Second interim report. Motion of Senator McEwen to take note of report called on. On the motion of Senator Bushby the debate was adjourned till the next day of sitting.

National Broadband Network—Select Committee—Interim report. Motion of Senator McEwen to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Rural and Regional Affairs and Transport References Committee—Qantas’ future as a strong national carrier supporting jobs in Australia—Report. Motion of the chair of the committee (Senator Sterle) to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Foreign Affairs, Defence and Trade References Committee—Australia’s overseas aid and development assistance program—Report. Motion of the chair of the committee (Senator Stephens) to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Foreign Affairs, Defence and Trade References Committee—Breaches of Indonesian territorial waters—Report. Motion of Senator Dastyari to take note of report agreed to.

Education and Employment References Committee—Government’s approach to re-establishing the Australian Building and Construction Commission—Report. Motion of the chair of the committee (Senator Lines) to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Environment and Communications References Committee—Direct Action: Paying polluters to halt global warming?—Report. Motion of the chair of the committee (Senator Thorp) to take note of report agreed to.

AUDITOR-GENERAL’S REPORTS

Consideration

Orders of the day Nos 1 to 10 relating to reports of the Auditor-General were called on but no motion was moved.

ADJOURNMENT

The DEPUTY PRESIDENT (18:19): Order! I propose the question:

That the Senate do now adjourn.

Racial Discrimination Act 1975

Senator SMITH (Western Australia) (18:19): This parliament is the nation’s premier debating forum. We, as elected representatives of the people, have the right—and indeed, the duty—to come into this place and speak our minds. The remarks I make this evening are not made in my capacity as the chair of the Parliamentary Joint Committee on Human Rights. They are my own views and should not be taken as the views of that committee.

Our right to freedom of speech in this country is paramount. To be blunt, without freedom of speech, our other freedoms do not matter very much—because we cannot exercise them.

In 1660, the Royal Society of London, which is the UK’s national academy of science, adopted as its motto 'Nullius in Verba'—which, translated, means 'no man's word shall be final'. That was reflective of the fact that scientists do not allow any statement to be immune from doubt. It is important always to ask questions, to test the theory—even if only to reinforce an existing belief, to affirm certain truths.

CHAMBER
What is true for the scientific community is true for the Australian community more broadly. In Australia's vibrant liberal democracy, we hold that the only way to establish truth is through a process of public inquiry and debate, where opinions are weighed against evidence and conclusions are drawn. That is the very purpose of this parliament and most particularly of the Senate, as Australia's premier house of review. We test the claims made by proponents of legislation, and opposing viewpoints are aired. Through this process of public discussion and debate, we come to conclusions and resolve disagreements.

Sometimes that involves hearing others say things that we disagree with. Sometimes in the course of debate, both inside this building and outside it, we hear things that are upsetting or that we find offensive. However, if occasional offence is the price that has to be paid in order to live in a free society, then, unequivocally, I say it is a price worth paying.

It is not the role of parliamentarians to tell people what they can and cannot think, and that is the problem with Section 18C of the Racial Discrimination Act as it presently stands—because that is precisely what it does. By prohibiting the expression of political views that mainstream society finds objectionable, it essentially penalises people for holding those views at all. I know there are some senators in this place who have no problem with the notion of government telling its citizens what they can and cannot read, say or think—but I am not among them.

As all senators will be aware, earlier this year the government released an exposure draft for community consultation that proposed amendments to the Racial Discrimination Act. The amendments are this government's effort to protect the right to free speech and protect our citizens from racial vilification. Indeed, one of the things I have found most extraordinary about this debate is the fact that, for all the noise we have heard from the government's critics and all that will come—and I will come to that in a moment—the critics have failed to acknowledge one simple but significant fact: these amendments actually create a protection against racial vilification that is not explicitly present in the Racial Discrimination Act in its current form.

This will be the first time any Commonwealth act will have included a specific prohibition against racial vilification. That is a point worth stressing, I think, because, for all the talk we hear from those opposite, it seemingly did not occur to them when they introduced the present form of section 18C in 1995, nor did it occur to them during the six years they were recently in government.

Like many senators and members in this place, I have had discussions with many community groups about these proposed amendments. I have held several meetings with representatives of various ethnic and cultural groups in Western Australia and have even appeared on Perth's Chinese community radio station to discuss this very issue. What struck me in these meetings when they began was that many were of the belief that what was being proposed was the abolition of all forms of protection against racial vilification. When I explained carefully and respectfully that this is not the case and set out what is actually proposed in the amendments, their concerns were greatly alleviated but, to be balanced, not necessarily extinguished.

To return to the point where I began for a moment, this parliament is the nation's premier debating forum. So when Labor and the Greens come into this place and rattle off talking points about how the government 'wants to make it easier for racists to speak', I really do start
to wonder for how long we can keep that designation. I understand this issue arouses passions on both sides, but that does not mean the tone of the debate cannot be respectful. I have fundamental disagreements with those opposite on a number of issues, including this one, but I do not believe they are motivated by malice; I just disagree with them. So for the shadow Attorney-General, the member for Isaacs, to say the government is giving 'the green light to racism' and for senators from other parties to accuse this government of wanting to 'open the floodgates for racism and bigotry' is both inaccurate and unworthy of the office they hold.

Yet, as wrongheaded as they are and as offensive as I may find them, I would not wish to see such comments banned or criminalised because, as we have seen time and time again, the best way to defeat hate speech, or dishonest speech, is with more speech. To be frank, if I am in a room with a Holocaust denier, a racist or a homophobe, I want to know about it. I want to see them and hear their ill-informed view in full light. I want them to air their offensive view so I that I can counteract it with fact. I want them to have their say so they in turn can be exposed for what they are, even if it means I have to hear things that offend or even disgust me. Pushing offensive views underground simply means you have hidden them, not defeated them. You can educate hate and prejudice away but you cannot legislate it away any more than you can legislate love or harmony into existence.

The section of the act that the government is proposing to amend has only been in place since 1995. In the sweep of history, this is not a long time. I remember Australia in 1994 and, as I recall, it bore no resemblance to Selma, Alabama at the height of the civil rights protests in the 1960s. Why? Because the overwhelming majority of Australians, at their core, are fair, welcoming people.

I have been struck by the fact that many opponents of the government's position have been keen to stress that, if changes are made, we will see an explosion of violence, such as occurred in the Cronulla riots of 2005. If I may say so, that argument rather makes the government's point: the existence of section 18C in its present form did nothing to prevent the Cronulla riots. The law was in operation when they occurred and the riots still happened. It is clear to me that the best way to defeat ugly racial prejudice in our community is not to push it underground but to allow the community to make its own judgements based on what people say.

We saw an instance of this occurring this week when the Festival of Dangerous Ideas bizarrely promoted as part of its program at the Sydney Opera House a presentation by writer Uthman Badar, entitled 'Honour killings are morally justified'. The blurb for the event made it clear that the purpose of the event was to attack the 'secular white westerner' for condemning so-called honour killings in Islamic nations. Quite why anyone would think that was a good idea is beyond me, and I cannot imagine ticket sales would have been strong. Indeed, just hours after the event was advertised, the festival removed the session from its program. It did that after the community brought pressure to bear. No government intervention was required. No legislation was needed. As it should, the community acted as custodian of its own values and this event was cancelled.

This is the perfect encapsulation of what President Obama—hardly a right-wing ideologue himself—recently said when asked if he favoured laws limiting free speech. He said:

When ignorant folks want to advertise their ignorance, you don't really have to do anything, you just let them talk.
My belief is a simple one. It is time to trust freedom and embrace free speech.

**Tobacco Plain Packaging**

**Senator FAULKNER** (New South Wales) (18:29): Earlier this week I spoke about recent figures released by the Australian Bureau of Statistics and the Commonwealth Treasury demonstrating the positive impact tobacco plain packaging and other measures are having on reducing the prevalence of smoking in our community. Tonight I want to speak about the latest research into the effectiveness of plain packaging and how this world-leading Labor public policy initiative is being perceived internationally.

According to the World Health Organization, smoking kills nearly six million people around the world every year. A key plank of the Framework Convention on Tobacco Control, of which Australia was the first signatory, is the implementation of plain packaging as part of comprehensive bans on tobacco advertising. In the United Kingdom, where the introduction of plain packaging is currently being debated, the *Independent review into standardised packaging of tobacco* was presented to the Cameron government in April this year. The review, undertaken by the eminent paediatrician Sir Cyril Chantler found that:

… branded packaging contributes to increased tobacco consumption …

and concluded that it is:

… highly likely that standardised packaging would serve to reduce the rate of children taking up smoking and implausible that it would increase the consumption of tobacco.

Perhaps the most comprehensive review of plain packaging was a study known as the Stirling review, which was commissioned by the United Kingdom Department of Health. The Stirling review concluded that:

Standardised packaging is less appealing than branded packaging.

It found that:

Graphic and text health warnings are more credible and memorable on standardised packaging than when juxtaposed with attractive branding …

And finally, it found:

Whereas colours and descriptors on branded packaging confuse smokers into falsely perceiving some products as lighter and therefore "healthier", products in standardised packages are more likely to be perceived as harmful.

Here in Australia, there was a study entitled *Introduction effects of the Australian plain packaging policy on adult smokers: a cross-sectional study*. That was by the Cancer Council Victoria. It found that:

Compared with branded pack smokers, those smoking from plain packs perceived their cigarettes to be lower in quality, tended to perceive their cigarettes as less satisfying than a year ago, were more likely to have thought about quitting at least once a day in the past week and rated quitting as a higher priority in their lives.

There is strong support for plain packaging in the international community, including from the World Health Organization. In March 2012, the World Health Organization's Director-General, Ms Margaret Chan, urged the world to stand shoulder-to-shoulder with Australia with its ground-breaking tobacco control laws against big tobacco.
The world is standing shoulder-to-shoulder with Australia. Much has happened since the introduction of plain packaging in our country in December 2012. The Republic of Ireland is set to become the first country in the European Union and the second country in the world to introduce plain packaging laws, with the Irish upper house having recently passed the Public Health (Standardised Packaging of Tobacco) Bill 2014. I certainly commend, and I hope other senators would too, the Irish government and their ambitious goal of a smoke-free Ireland by 2025. The United Kingdom is finalising consultations and reviews with a view to implementing plain packaging in the near future. The New Zealand government is currently proceeding with legislation to introduce plain packaging. A host of other countries—including France, Norway, Canada, India, Finland, Turkey and South Africa—are at various stages of consideration of plain packaging laws.

I have seen the recent reports in the media—backed by industry-supplied figures which I think are shonky—that plain packaging has led to an increase in smoking rates. I said earlier this week:

If plain packaging is so ineffective, if it has been such a failure, and if cigarette consumption is increasing, why all the hysteria from big tobacco and their friends about plain packaging? Why spend all this time and money opposing plain packaging? The truth is tobacco plain packaging works, and the broader war on smoking is working.

If tobacco companies attempt to counter plain packaging by reducing the price of tobacco products, I have said that one option open to the parliament and to the government is to respond with stronger and more frequent increases in the excise on tobacco products. I would certainly encourage the government to consider any such response if required.

Finally, for those who doubt the powerful effect cigarette packaging has on children, I suggest they watch a video available on YouTube entitled ‘The answer is plain—campaign for plain cigarette packaging’ by Cancer Research UK. The video shows school children presented with actual cigarette packets and their variety of different colours, fonts, shapes, sizes and logos. The children describe the cigarette packets as ‘funky’, ‘fancy’, ‘posh’, ‘fun’, ‘happy’, ‘pretty’, ‘girly’, ‘nice’ and ‘cool’. Is that the royal sign? asks one little boy, and ‘I like it’ says another boy. These kids’ reactions to the branding on cigarette packets is precisely why the world is taking on tobacco interests and fighting to toss these destructive and deadly products into the waste bin of history. Plain packaging will not stop every child or teenager from picking up that first cigarette, but it will give many kids one less reason to start.

Fair Work Commission

Senator McKENZIE (Victoria—Nationals Whip in the Senate) (18:39): In March I raised a number of concerns about the Fair Work Commission’s Expert Panel that is reviewing default superannuation fund terms in modern awards. Since then, we have witnessed a slow-motion train wreck. Today, I was flabbergasted to read a memo from Justice Ross from two weeks ago reacting to quite legitimate criticism of the Fair Work Commission. One wonders where his Honour finds the time to pen a 765-word memo in his own defence, regarding Our Future Directions, reserve decision benchmarks and international engagement work—a memo which, incidentally, neglects to even mention the expert panel fiasco. So, tonight, I will seek to briefly outline some of the issues.

First, in January of this year, Mr Shorten’s handpicked expert panel was appointed on the eve of the caretaker period to conduct the review, after a sham consultation process. But
before the ink was dry, industry groups raised legitimate concerns about potential conflicts of interest for expert panel members Allen and Gibbs. In response, on 7 March, Justice Ross stood those two members aside. In their place, Justice Ross joined Dr Timothy Harcourt to the expert panel. Yet, within 72 hours of doing so, fresh concerns were raised that the expert panel was improperly reconstituted. Industry groups rightly pointed out that, by replacing two members with just one, the expert panel could not proceed with the review. So at 5 pm on the night before Good Friday—the classic 'putting out the garbage' evening, as it is known—the Fair Work Commission announced that Justice Ross appointed himself to the expert panel!

And just when we thought it could not get any more farcical, on 28 May Ms Allen tendered her resignation. Since then, the Federal Court has found that the President's decision to join himself to the expert panel was invalid.

One change could be excused as misfortune, two changes look like carelessness but five changes are just a farce. With members being constantly swapped and dropped, Mr Shorten's expert panel starts to resemble the bottom 16 AFL team in trade week prior to the national draft. Unfortunately, the problems for the expert panel just do not seem to stop. Last week, it was reported in the *Australian Financial Review* that Dr Harcourt breached the Fair Work Commission's Member Code of Conduct by speaking at a Labor Party fundraiser on 20 February, with Senator Wong. I have rather fortuitously managed to obtain a copy of the flyer promoting the event. Attendees were invited to register for the fundraiser at $1,000-a-head for the Matthew Thistlethwaite—previously of this place—campaign. According to the flyer, Dr Harcourt 'will provide an expert analysis on the progress of the'—Trans Pacific Partnership—'negotiations and potential highlights for 2014'. Given that the flyer was headed with the word 'FUNDRAISER' in large capital letters, I found it rather remarkable that Dr Harcourt was reportedly 'not aware that the event was a fundraiser'. Maybe he did not get the memo. I was more concerned that Dr Harcourt was apparently not aware that 'attending a fundraiser was a breach of the commission's code'. Section 4.1(111) of the code clearly states:

> ... it is expected that, on appointment, a Member will not continue such involvement with political parties. An appearance of continuing ties, such as might occur by attendance at political fundraising events should be avoided.

One wonders whether Dr Harcourt had actually read the code of conduct, or even knew of its existence.

Of course, this is not the first time Dr Harcourt has traversed the path of political partisanship. At Senate estimates last month, my colleague Senator Kroger—and it is great that she is in the chamber tonight—asked whether Justice Ross was aware of Dr Harcourt's tweets which criticised the government's budget or his interview on Sky News in which he, in his capacity as a Labor member, publicly supported his choice of Mr Shorten for leadership of the Labor Party. Senator Kroger has written to Justice Ross in relation to these matters. I understand that she has recently written to him a second time to raise our concerns that Dr Harcourt appears to be repeatedly flouting the code of conduct.

I note that at Senate estimates Justice Ross stated that the code is 'not a regulatory instrument', that it only provides guidance and is not at all enforceable. Well, if the supposedly impartial Fair Work commissioners engage in blatant public political partisanship, then the code of conduct is not worth the paper it is written on.
What confidence can the public have that Dr Harcourt is acting in its best interests and not in the partisan interests of Mr Shorten and the Labor Party? And yet Dr Harcourt believes that such criticisms are ‘part of a campaign to undermine the commission’. If Dr Harcourt wants to identify the cause of the commission's woes, he should look no further than to the very minister who appointed him, Mr Shorten.

The reality is that we would not be in this mess had Mr Shorten done his due diligence and not rushed the appointments at the eleventh hour before the caretaker period. The expert panel is presently invalid and the default superannuation funds review has stalled—all because Mr Shorten was too hasty to act in his own political interests rather than in the interests of Australian workers. Mr Shorten's ham-fisted attempt to stack the Fair Work Commission has disrupted a $9 billion industry. He has treated the Fair Work Commission and this process like a Victorian branch of the ALP. This expert panel has simply been a debacle. And apropos Justice Ross's memo, can I suggest that the best way to silence criticism of the Fair Work Commission is for it to be above reproach.

Coal Seam Gas

Senator O'SULLIVAN (Queensland) (18:46): I rise tonight to speak in response to a speech delivered in this place last evening by my Senate colleague Larissa Waters concerning issues that she has raised about the integrity of process and the integrity of individuals involved in a number of approvals for coal seam gas developments in my home state of Queensland. Disturbingly, during the course of her address, Senator Waters referred to no fewer than 38 allegations and assertions of impropriety and posed questions about the integrity of some very senior and well-respected members of the Queensland government, including but not limited to our Premier, Mr Campbell Newman, the Director-General of the Department of the Premier and Cabinet—the most senior public service post in our state government—the Premier's chief of staff, and a nephew of the director-general, one Mitch Grayson. Imputations were also made against the chair of the Criminal Justice Commission in my state, Dr Ken Levy. These imputations, by extension, brought into question the integrity of the Queensland Gas Company and Santos—two very substantial corporations that have invested hundreds of millions of dollars in my home state, that are responsible for enormous amounts of employment and that make a great contribution to our economy.

My issue is not with the ability of the senator to make these assertions, particularly if a person is in possession of evidence that requires airing, that requires exposing, when it has to do with assertions of impropriety at the highest level. And, under the structure of government in our nation, the Premier of a state is certainly at the highest level of our government. The good senator relied upon the assertions being made by a man named Drew Hutton and a woman named Simone Marsh. What the senator failed to declare is that Mr Drew Hutton is also a member of the Greens party in my home state of Queensland. Indeed, he has, fortunately, unsuccessfully contested representation at all three levels of government—local, state and federal.

When one is using the privilege of this place to air and expose serious allegations, there is an additional responsibility to ensure that the allegations are presented in the real context of their origins, and the genesis of this is from a very close and intimate political colleague of the senator in this place making the allegations. The assertions and allegations made in the senator's speech referred to some meetings that are said to have been improper, principally
because of the context of the time in which these meetings were held relative to a complaint that had been made to the Crime and Misconduct Commission in our state. Incidentally, the Premier indicated that had the complaint not been made by Mr Hutton and Ms Marsh, he would have made the complaint himself when the allegations were aired on a TV program. The senator stated:

We only know that the meeting occurred, not what was discussed.

There is talk of time proximity again, when the senator further states:

… the Premier met with Rob Millhouse, the vice president of QGC, which is one of the CSG companies the complaints were about.

For those who are aware of the level of activity that is occurring in our state with investment in the coal seam gas sector, I would submit it would be unusual if the Premier of our state were not meeting with the principals of some of these investment enterprises on a regular basis. I quote from the speech:

Secondly, the Attorney-General met with top resources industry lobbyist Michael Roche from the Queensland Resources Council…

Again, this is an allegation of time proximity. I would be very disappointed if senior members of our government in Queensland were not meeting with members of peak industry bodies such as the Resources Council on a regular basis.

Questions were raised and left unanswered. Did the Premier or QGC exert any influence or other encouragement for the CMC to abandon their investigation? I can tell you that today the Crime and Misconduct Commission have themselves come out and refuted these allegations publicly. For these assertions—if you were to link them and put them into context—to have any weight, you would haveto accept that you have here before us, as a result of this speech, a conspiracy on a level not seen before—in fact, not the subject of allegations anywhere in this country. If you take any one of the following people out of this cycle of conspiracy, then this speech simply falls flat: the Premier; the Premier's Chief of Staff; the executives of two large, well-respected corporations; the Attorney-General; the head of the Resources Council; the CMC; or the head of the CMC, Dr Levy. Incidentally, the allegations related to projects whose approval process was under the former Labor Party at a time and over a period where the Premier had little or nothing to do with them—even if he were inclined to persuade his departments or his Coordinator-General to take an approach that might not satisfy the guidelines set down for such things.

I have personally witnessed Mr Newman come under this sort of attack before. It occurred in the lead-up to the 24 March 2012 election in Queensland when the Premier went on to win the greatest landslide result in a state election campaign in this country. Pound for pound, I am told, it was one of the most outstanding results received in the developed world where we have democratic elections. In February 2012, the then Premier, Anna Bligh, made personal attacks on Mr Newman, only to admit in March 2014, leading into the last week of the election, that she simply had no evidence to support the allegations she made. I would submit to you that the performance last night of Senator Waters was identical to that tactic applied by Anna Bligh at that time.

While the Premier and I share the same political party, it is well known that we have not always seen eye to eye. But I can tell you this about the Premier of Queensland: he is a man
of high integrity; he is a man who has set the highest standards for himself and those around him; he is a man who has served our state now in public office for 10 years—first as the Lord Mayor of Brisbane and now as our Premier; and he would tolerate none of this.

Senate adjourned at 18:56

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number. An explanatory statement is tabled with an instrument unless otherwise indicated by an asterisk.]

Australian National University Act 1991—


Programs and Awards Statute 2013—Graduate coursework Awards Rules 2014 [F2014L00759].


Broadcasting Services Act 1992—

Broadcasting Services (Events) Notice (No. 1) 2010—

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