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For searching purposes use http://parlinfo.aph.gov.au

SITTING DAYS—2017

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RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on ABC NewsRadio in the capital cities on:

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For information regarding frequencies in other locations please visit http://www.abc.net.au/newsradio/listen/frequencies.htm
FORTY-FIFTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

Senate Office Holders
President—Senator Hon. Stephen Parry
Deputy President and Chair of Committees—Senator Susan Lines
Temporary Chairs of Committees—Senators Back, Bernardi, Gallacher, Ketter, Leyonhjelm, Marshall, O'Sullivan, Reynolds, Smith, Sterle, Whish-Wilson and Williams
Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Deputy Leader of the Government in the Senate—Senator Hon. Mathias Cormann
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Don Farrell
Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield
Manager of Opposition Business in the Senate—Senator Katy Gallagher

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
Deputy Leader of the Liberal Party in the Senate—Senator Hon. Mathias Cormann
Leader of The Nationals in the Senate—Senator Hon. Nigel Scullion
Deputy Leader of The Nationals in the Senate—Senator Hon. Fiona Nash
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Don Farrell
Leader of the Australian Greens—Senator Richard Di Natale
Co-deputy Leaders of the Australian Greens in the Senate—Senators Scott Ludlam and Larissa Joy Waters
Chief Government Whip—Senator David Christopher Bushby
Deputy Government Whips—Senators David Julian Fawcett and Dean Anthony Smith
The Nationals Whip—Senator Barry O'Sullivan
Chief Opposition Whip—Senator Anne Elizabeth Urquhart
Deputy Opposition Whips—Senators Sam Dastyari and Jennifer McAllister
Australian Greens Whip—Senator Rachel Siewert

Printed by authority of the Senate
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Pursuant to section 42 of the Commonwealth Electoral Act 1918, the terms of service of the following senators representing the Australian Capital Territory and the Northern Territory expire at the close of the day immediately before the polling day for the next general election of members of the House of Representatives:

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<td>Scullion, N.G.</td>
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(1) Chosen by the Parliament of Victoria to fill a casual vacancy (vice S Conroy), pursuant to section 15 of the Constitution.

(2) Chosen by the Court of Disputed Returns to fill a vacancy created by a disqualification.

(3) Chosen by the Court of Disputed Returns to fill a vacancy created by a disqualification.

**PARTY ABBREVIATIONS**

AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Liberal Party; DHJP—Derryn Hinch's Justice Party; IND—Independent; JLN—Jacqui Lambie Network; LDP—Liberal Democratic Party; LNP—Liberal National Party; LP—Liberal Party of Australia; NATS—The Nationals; NXT—Nick Xenophon Team; PHON—Pauline Hanson's One Nation

**Heads of Parliamentary Departments**

Clerk of the Senate—R Pye
Clerk of the House of Representatives—D Elder
Secretary, Department of Parliamentary Services—R Stefanić
Parliamentary Budget Officer—P Bowen
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<td>Prime Minister</td>
<td>Hon Malcolm Turnbull MP</td>
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<tr>
<td>Minister for Indigenous Affairs</td>
<td>Senator the Hon Nigel Scullion</td>
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<tr>
<td>Minister for Women</td>
<td>Senator the Hon Michaelia Cash</td>
</tr>
<tr>
<td>Minister Assisting the Prime Minister for the Public</td>
<td>Senator the Hon Michaelia Cash</td>
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<tr>
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<td>Hon Michael Keenan MP</td>
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<tr>
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<td>Minister Assisting the Prime Minister for Cabinet</td>
<td>Senator the Hon Scott Ryan</td>
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<tr>
<td>Minister Assisting the Prime Minister for Cyber</td>
<td>Hon Dan Tehan MP</td>
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<tr>
<td>Security</td>
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<tr>
<td>Assistant Minister to the Prime Minister</td>
<td>Senator the Hon James McGrath</td>
</tr>
<tr>
<td>Assistant Minister for Cities and Digital Transformation</td>
<td>Hon Angus Taylor MP</td>
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<tr>
<td>Deputy Prime Minister and Minister for Agriculture and</td>
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<tr>
<td>Water Resources</td>
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<tr>
<td>Assistant Minister for Agriculture and Water</td>
<td>Senator the Hon Anne Ruston</td>
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<tr>
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<td>Hon Luke Hartsuyker MP</td>
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<tr>
<td>Minister for Foreign Affairs</td>
<td>Hon Julie Bishop MP</td>
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<tr>
<td>Minister for Trade, Tourism and Investment</td>
<td>Hon Steve Ciobo MP</td>
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<tr>
<td>Minister for International Development and the Pacific</td>
<td>Senator the Hon Concetta Fierravanti-Wells</td>
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<tr>
<td>Assistant Minister for Trade, Tourism and Investment</td>
<td>Hon Keith Pitt MP</td>
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<tr>
<td>Attorney-General</td>
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<tr>
<td>(Vice-President of the Executive Council)</td>
<td>Senator the Hon George Brandis QC</td>
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<tr>
<td>(Leader of the Government in the Senate)</td>
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<tr>
<td>Minister for Justice</td>
<td>Hon Michael Keenan MP</td>
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<tr>
<td>Treasurer</td>
<td></td>
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<tr>
<td>Minister for Revenue and Financial Services</td>
<td>Hon Scott Morrison MP</td>
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<tr>
<td>Minister for Small Business</td>
<td>Hon Kelly O'Dwyer MP</td>
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<tr>
<td>Assistant Minister to the Treasurer</td>
<td>Hon Michael McCormack MP</td>
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<td>Minister for Finance</td>
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<tr>
<td>(Deputy Leader of Government in the Senate)</td>
<td>Senator the Hon Mathias Cormann</td>
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<td>Special Minister of State</td>
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<td>Minister for Regional Development</td>
<td>Senator the Hon Fiona Nash</td>
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<tr>
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<td>Hon Darren Chester MP</td>
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<tr>
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<tr>
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<td>Hon Paul Fletcher MP</td>
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<tr>
<td>Minister for Defence</td>
<td>Senator the Hon Marise Payne</td>
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<tr>
<td>Minister for Veterans’ Affairs</td>
<td>Hon Dan Tehan MP</td>
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<tr>
<td>Minister Assisting the Prime Minister for the</td>
<td>Hon Dan Tehan MP</td>
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<tr>
<td>Centenary of ANZAC</td>
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<tr>
<td>Minister for Defence Personnel</td>
<td>Hon Dan Tehan MP</td>
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<tr>
<td>Minister for Immigration and Border Protection</td>
<td>Hon Peter Dutton MP</td>
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<tr>
<td>Assistant Minister for Immigration and Border Protection</td>
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<td>Minister for Resources and Northern Australia</td>
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<td>and Future of Work</td>
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Each box represents a portfolio except for (1) which is in the Education portfolio, (2) which is in Treasury portfolio and (3) which is in the Health portfolio. **Shadow Cabinet Ministers are shown in bold type.**
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    Report
Thursday, 22 June 2017

The PRESIDENT (Senator the Hon. Stephen Parry) took the chair at 09:30, read prayers and made an acknowledgement of country.

COMMITTEES

Meeting

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

Community Affairs Legislation Committee—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 5 pm.

Community Affairs References Committee—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 5 pm.

Environment and Communications References Committee—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 1.10 pm.

Joint Select Committee on Government Procurement—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 10 am.

Select Committee on Lending to Primary Production Customers—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 10.30 am.

The PRESIDENT (09:31): Does any senator wish to have the question put on any of those proposals? There being none we will proceed to business.

STATEMENT BY THE PRESIDENT

Parliamentary Commission of Inquiry

The PRESIDENT (09:31): Senators will recall the statement I made to the Senate on 10 October 2016 regarding the records of the Parliamentary Commission of Inquiry. The commission was established in May 1986 to investigate whether the conduct of the late Justice the Hon. Lionel Keith Murphy, a senator for New South Wales from 1962 to 1975 and a justice of the High Court of Australia from 1975 to 1986, had been such as to amount to 'proved misbehaviour' within the meaning of section 72 of the Constitution.

The commission's inquiry was brought to an end in September 1986 when it became known that Justice Murphy was suffering a terminal illness. The parliament then enacted the Parliamentary Commission of Inquiry (Repeal) Act 1986, dividing the records into two categories: 'class A documents' comprising records relating to Justice Murphy's conduct, and 'class B documents' consisting of all other commission records including those relating to the interpretation of section 72 of the Constitution. The act strictly prohibited access to the class A documents for 30 years, that being until 26 September 2016, and, after that date, required that the presiding officers determine the access or otherwise of the documents. The class B documents could be accessed at any time with written approval of the presiding officers.

On 13 December 2016, the Speaker and I, taking into account the advice of our officials, authorised publication of the class B records of the commission. These records were duly published on the parliament's website on 19 December 2016. In my statement to the Senate last year, I announced that the Speaker and I had authorised the Clerks of the Senate and the House of Representatives and a small number of other officials from our departments to examine the commission's class A records and advise us how the records might be handled
from now on. The independence of this process was very important to us. Neither the Speaker nor I personally reviewed the documents prior to making any decisions about granting or withholding wider access to them. I said in October that the process would be thorough and may take some time, and that we would await advice on the contents of the records before determining a way forward.

The Speaker and I have now made a decision in relation to the class A documents. In making our decision, following this independent advice, we have taken into account the following key matters:

1. that the records contain a significant amount of personal information relating to Justice Murphy and other persons;
2. that the information potentially pertains to illegal behaviour;
3. the time that has elapsed since the establishment of the commission of inquiry; and
4. the decision taken by the parliament in 1986.

In relation to the last matter—that is, the decision taken by the 34th Parliament when dealing with the class A documents—we note two key issues. First: the parliament, by way of legislation, preserved the documents for 30 years and did not order the destruction of them in 1986. Second: the parliament, significantly, did not provide for an automatic release of the documents after 30 years, but strictly empowered the President of the Senate and the Speaker of the House of Representatives to make a decision about the release, or otherwise, of the documents.

Then senator Gareth Evans, who was at that time the Minister for Resources and Energy and who led the debate for the Hawke government in the Senate, acknowledged that there would be legitimate historical interest in the records in the future. During the debate on the bill in the Senate on 21 August 1986, Senator Evans told the Senate:

It is appropriate that basic archival rules apply … and that in 30 years time the basic ground rules for Commonwealth documentation generally apply, subject to such exemptions as apply to this sort of material, which can properly be administered by the Presiding Officers.

The Speaker and I have approached this important decision in exactly that spirit.

It is important to recognise that the records of the commission reflect an incomplete process, insofar as it could not fulfil its ultimate purpose of formulating and reporting to the parliament its conclusions regarding the conduct of Justice Murphy. Of course, the privacy or reputation of all people impacted by the documents was a factor that was carefully considered in deciding whether or not to release the records. However, these concerns had to be weighed against the considerable public interest in having access to information relating to important concerns about the integrity of the High Court and, more broadly, about serious issues of public governance and accountability at the time of the commission's investigations. In seeking to serve this public interest, the Speaker and I took into account the fact that the general and specific nature of the allegations relating to Justice Murphy and others are widely known and, after 30 years, are historical in nature. We also took into account the non-partisan, focused and highly credible nature of the investigative processes employed by the commission, which is reflected in the character of its records. At the time it was wound up, the commission had provided Justice Murphy with a number of specific allegations to which
he had been invited to respond, but the judge's unfortunate prognosis meant that a response was never to be received.

I now advise the Senate that the Speaker and I have decided to approve the publication of the class A documents. Now that we have made our decision public, the Speaker and I will request that the Clerks of both houses, where possible and appropriate, advise persons named in the records, and the closest living relatives or legal representatives of deceased persons, of the forthcoming publication of the class A documents. To enable sufficient time for this to happen, we have ordered that the class A documents be scanned and published in electronic form on Monday, 24 July at 10 am. A small amount of personal information, including signatures and addresses of unrelated persons, will be redacted from the published versions.

In concluding my remarks, I wish to reiterate the deep sense of responsibility that the Speaker and I have felt in executing the task that was bequeathed to us by the 34th Parliament. I thank the Senate.

**BILLS**

**Productivity Commission Amendment (Addressing Inequality) Bill 2017**

Second Reading

Consideration resumed of the motion:

That this bill be now read a second time.

**Senator McALLISTER** (New South Wales—Deputy Opposition Whip in the Senate) (09:37): I rise to speak on the Productivity Commission Amendment (Reducing Inequality) Bill 2017. This bill places inequality firmly on the agenda of one of our country's most influential economic policy institutions. We consider the bill at a time when inequality in Australia is at a 75-year high, and when global leaders are warning that inequality threatens the global economy.

The Productivity Commission is tasked with providing research and policy advice on industry, industry development and productivity. Its scope is broad; it encompasses both specific industries and the productivity performance of the economy as a whole. Its influence is significant. Most people in this chamber could easily identify economic debates in the last 30 years where the commission's intervention has been decisive, and on many of these occasions its advice has, of course, been hotly contested. What is uncontroversial is that its advice has been central to government decision making, and we can no longer afford to allow this advice to be developed insensibly to the significance of economic inequality. The commission is already required to consider a range of considerations—everything from ecological sustainability to regional development is listed in its enabling legislation. Inequality should be on this list.

We can also no longer afford to starve our government of credible, focused research on inequality. The Productivity Commission is well placed to apply its substantial resources to generating just this type of analysis. The bill would require the commission to do just this: tabling an inequality report every five years, aligned with the production of the Intergenerational report. Doing so would bring valuable analysis into a debate that is already raging.
There has been growing discussion of economic inequality in the media and in these corridors in the last 12 months, and it is not just because people have got around to reading a couple more chapters of Thomas Piketty's book. There is a palpable fear that inequality has bred populism in Australia and overseas, and that it threatens the economic consensus that has held sway since the 1990s. Just this week we heard the governor of the Reserve Bank calling on workers to demand higher wages and the head of the Business Council of Australia writing that, rather than being allowed to pool in certain cities or among certain citizens, the business community must ensure that the benefits of growth are felt by all.

I am heartened by those sentiments but, in the flurry of sudden interest, we cannot forget that inequality is not, in fact, new; nor is the imperative to address it. Inequality was important before Brexit and it was important before Trump. Inequality affected ordinary people's lives well before it affected our political systems. Inequality threatened families' security and their stability well before it threatened business's access to global markets. We should not have to look to shock election results to find an imperative to address inequality, because the imperative lies in basic fairness—in families who are working harder for less, sandwiched between one generation that fears it may never be able to afford to buy a house and another generation that fears it may never be able to afford to retire. The imperative has always been there, and I am glad we are starting to get the momentum to address it.

Australians like to think that we are removed from the stark inequality that we see in America and the United Kingdom—and in some ways we are. Income and asset concentration in Australia is a fraction of what it is in the United States. The GFC did not hit us hard, as we entered it with significantly less inequality than other nations and, during the 2000s, Australia's middle incomes grew strongly—unlike other countries in the OECD that experienced slow growth or falling middle incomes. A Labor government responded to the GFC with a strong stimulus that prevented widespread joblessness and the inequality that comes with it. We should be proud of that intervention, but it has not insulated us from the broader trends that have been in play since the 1980s. Over the past four decades incomes for the top 10 per cent have risen nearly four times as fast as they have for the bottom 10 per cent, and this is not just the result of high-income earners being able to negotiate better pay packages. It reflects broad changes in the way our shared prosperity is divided.

During the 1990s wages decoupled from productivity growth, and even though Australian workers are more efficient and productive than ever before they are not being rewarded for it in wages. The labour share of national income in Australia has dropped from 75 per cent in the 1970s to just 53 per cent in 2016. The share for business, on the converse, is increasing. Let us be very, very clear about what this means: it means that investment pays better, much better, than work. But only—and this is critical—for those who can afford to invest. These dynamics are starting to weigh on our social structures and on our economy. Wealth is far more unevenly distributed than income. In 2003 the wealthiest 20 per cent were worth 57 times more than the poorest 20 per cent. Ten years later that figure has risen substantially: they are now worth 71 times more. The three richest Australians own more than the million poorest Australians put together. Today inequality is at a 75-year high. Australia now sits in the bottom half of the OECD's rankings for economic inequality.

We may live in a time of deepening economic inequality; however, it is worth reflecting that for most of our history since Federation we have actually experienced falling levels of
inequality. At the start of Federation, we were a very unequal nation. When the Anzacs headed to Gallipoli, inequality was at its peak—one per cent of Australians owned one-third of all wealth and earned one-eighth of all income—but for the next 60-odd years inequality steadily fell, reaching a low point in the 1970s. The point I want to make is this: what happened over those six decades was not an accident, it was not a quirk of trickle-down economics; it was a direct function of the progressives' project to make Australia a fairer place for everyone. The labour movement and its political representatives have fought and won policies that shared Australia's growing prosperity much more fairly over those 120 years, and those policies became part of Australia's social contract. They evolved into institutions that were able to survive changes of government. This social contract drove down inequality in the postwar period and, to the extent that it survived changes in the 1980s and 1990s, it helped Australia avoid the excesses of inequality that we see today in the US and the UK, and there are a few aspects of it I want to briefly touch on, because they go to role of Labor governments in navigating the transformation of our economy to become more open and yet still fundamentally fair.

The first element, of course, is having a targeted welfare net. Between the health care provided by Medicare, and now the NDIS, the payments and the income support available, we seek to protect our poorest from the very worst effects of inequality. We do that very efficiently. The second element is having a progressive taxation system, reflecting the principle that those who earn more can afford to contribute more. The third element is publicly available universal education, a system of public schooling and the wide availability of tertiary education. But perhaps the most important element is our protection for wages and workplace conditions. In 1904, the world's first Labor national government started to put in place systems to manage workplace conciliation and arbitration. The systems developed by the labour movement in those early years were uniquely Australian. It was a solution that shaped dramatically the relationship between the labour movement and the state, and it formed the basis for decades of industrial outcomes that lifted the living conditions of millions of Australians.

But, like so many of the other bulwarks against equality, this has been eroded by continuing conservative calls for deregulation. And it starts to have consequences. Earlier this week, as I mentioned, the Reserve Bank governor said he would like to see workers asking for more pay increases. I agree. But it is not timidity or a lack of ambition that is holding Australian workers back; our industrial relations system has been reshaped to limit the bargaining power of workers in their workplaces. It shows in the level of unionisation today, dropping to only around 10 per cent of the private sector workforce. We need to be careful about this. The Australian social contract lifted living conditions and reduced inequality for Australians for much of the last century, and Labor has been a proud part of that story. But under conservative governments, as welfare payments are cut, workplace protection slashed and penalty rates removed, inequality has started to increase. Australia is the most unequal it has been in 75 years.

There are some people who might say, 'So what?' They say we should be focused on prosperity, not inequality; that as long as the pie is growing, it does not matter if some people are taking bigger and bigger pieces. I do not agree, and neither do most Australians. When surveyed, almost three-quarters of Australians agree that differences in income are too high.
Inequality is not just about money; inequality shuts the door to opportunities, and Australians are not happy for wealth to decide the quality of someone's education or their health care. We do not think that your wage should depend on what your parents earned.

What has also become increasingly obvious in recent years is that the dichotomy between prosperity and fairness is false. More equal societies grow more quickly. That is not just wishful thinking from those on the Left. It is the considered view of hard-headed economists in institutions like the IMF. On a microeconomic level inequality creates barriers to people starting a business or going to university or being able to participate fully in the economy. It is a drag on growth. More broadly, income inequality affects the way an economy operates. Increasing the pay of low- and average-income earners boosts growth more, much more, than increasing the return to the well-off. These households spend more of their extra incomes, stimulating the economy. The OECD estimated that income inequality between 1985 and 2005 reduced economic growth among its member states by almost five per cent. As the head of the IMF, Christine Lagarde, explained: the benefits of higher incomes are trickling up not down.

Why this bill then? Whatever excuses there may once have been for ignoring economic inequality, they have dropped away. All the signs demand action: economics, political pragmatism, not to mention basic fairness. I do want to be clear that I do not believe that passing this bill will solve inequality. We need concerted action to level access to education, to strengthen workplace rights, to make our tax system more progressive and to make our welfare system fairer and stronger. This bill does not tackle those specifics. Instead, it is a step in building the policy infrastructure to make sure we do these things. It aims to fire up the Public Service institutions and to build the expertise that we need to look at inequality and properly address it. It aims to build a wealth of expertise and knowledge within an eminent public policy institution through establishing a requirement for a five-yearly inequality report produced by the Productivity Commission. It seeks to use that capability to bring these issues before the parliament regularly for our consideration and response.

I am from the political Left, and I am conscious that over the years there have been regular calls from within that tradition to dismantle the Productivity Commission. I understand the hesitation that some may have in tasking it instead to look at economic inequality. My own view is that nearly always we are best to build on and transform the institutions we already have.

Australia has a proud tradition of innovative public mechanisms to deliver on public policy. Medicare remains an extraordinary achievement. Globally, our superannuation system is much admired. We have also proven skillful at recasting older institutions to meet new challenges. In the 1980s and the 1990s under Labor, we transformed Australia's political and economic institutions to respond to a more open world. To provide just one example, the Reserve Bank's role changed profoundly in the eighties, reorienting its activities to deliver effective monetary policy in a newly opened financial system.

Today we need to retool all our institutions once more to address the challenge of our times: the growing disparity in wealth and income. The Productivity Commission has changed direction and purpose before, and it will have to again. From the Tariff Board of the twenties through to the Industry Assistance Commission of the seventies up until its present form, this institution has been repurposed to respond to contemporary policy imperatives. But,
institutions matter. They have a rhythm of their own and they develop momentum that survives changes of government.

The great Nugget Coombs, arguably one of our most celebrated public servants, understood this. He played an incredible role shaping the institutions of the postwar period. Reflecting on that he said, 'I was not a fan of revolution.' He said there is:

… only reform—the creation of new institutions, the recasting of those already existing, the revitalisation of the moral and social imperatives which lend them vigour.

This bill seeks to ensure that the Productivity Commission is alive to one of the most significant moral and social imperatives of today: economic inequality.

Senator PATERSON (Victoria) (09:55): I listened with great interest to the contribution from Senator McAllister, my valued colleague on the Finance and Public Administration Committee. It was thoughtful and measured, as her contributions typically are. But I was listening very carefully for one particular point in her speech, which did not come, and it is an important one in the debate about inequality. The particular question that advocates of action on inequality must answer is: how much inequality is too much inequality and how much inequality is an acceptable level of inequality? That might sound like a strange thing to ask. One might assume, if one agrees that inequality is a terrible thing, which most people do, that there should be no inequality. But if there were no inequality then that would mean complete equality of outcomes, and I do not think anyone in this chamber advocates that. I do not think Senator McAllister advocates that. I do not think Senator Whish-Wilson, who I understand is speaking next, advocates that; although perhaps his colleague Senator Rhiannon would advocate that. I do not know how much her thinking has evolved on these issues.

It is an important question to answer, because if we agree that complete equality is not a good idea and that complete inequality is not a good idea, where do we draw the line between complete equality and complete inequality as to an acceptable level of inequality? I have not yet heard in this debate, nor in dozens of debates on this issue by economists, academics and others who take an interest, anyone nominate an acceptable or tolerable level of inequality. I think that is an important thing to nominate, because if we are seeking to address a problem then we have to know how to define it in an empirical way, know when we are making progress on it and know when we are falling behind. I look forward to later contributions in this debate and seeing whether anyone will rise to that challenge.

Inequality is a problem and is something which government has a role to tackle in some ways, but it is a much less serious problem than poverty. Poverty is something which demands much greater attention from all of us than inequality. I make that point very deliberately and will expand on it. Many of the measures of inequality and poverty sometimes are deliberately or perhaps accidentally confused. Senator McAllister in her contribution referred to a number of facts and figures about how the top 10 people in Australia have more wealth than the bottom 50 per cent. All these sorts of figures get thrown around in this debate in Australia and also internationally. They typically come from reports which are deeply flawed and which overlook the much more important human imperative, which is to abolish poverty and to lift people out of poverty. Sometimes lifting people out of poverty and reducing inequality are in fact competing and contrasting imperatives that do not always move in the same direction at the same time. There is a specific example I will come to later.
One of the reports that purports to be about poverty is an annual report produced by ACOSS, the Australian Council of Social Service. It purports to measure of poverty in Australia, but what it in fact measures is inequality. It defines poverty as anyone being below 50 per cent of the average wage. If you define poverty as a proportion of the average wage then it does not matter how much the average wage increases: you will never eradicate poverty. That is a disturbing thing, because we know that poverty has been largely or substantially eradicated in the wealthy Western world and we have made great gains towards eradicating it around the world, particularly in the latter half of the 20th century.

Oxfam International annually publishes another report on inequality, which advocates often rely upon. It sometimes has seemingly alarming statistics about the top five wealthiest people in the world and their share of global wealth compared to the bottom half of the population, but it has some fundamental flaws. One of the flaws is that it accepts as a premise that capturing someone's wealth at a single point in time is a good proxy or a good measure for their standard of living. But we know that that is not the case. It is often a very bad measure of their standard of living and within the Oxfam report we have a very good example of why that is the case. When measuring someone's wealth, for the purposes of comparing them for inequality, they of course take into account, as may be appropriate, any debts that a person may hold. Obviously, a person who has debts—particularly a young person who is perhaps a university student—has the potential to have negative wealth. So a young Australian university student or a university student at Harvard will be measured by Oxfam as having negative wealth.

In many parts of the world you cannot get a loan. In the developing world it is sometimes very difficult to get a loan. So a subsistence farmer in Africa may not have any debts, they may even have a few assets to their name. Maybe, for the purposes of Oxfam's inequality report, they may be listed as having small net positive assets, even if only a few hundred dollars. If you listen to Oxfam and you take them at their word, a privileged student in the Western world studying at university who has a HECS debt is poorer than a subsistence farmer in sub-Saharan Africa. That highlights I think very powerfully the lack of quality research in this area and the way in which statistics can be abused to give you a very misleading impression. If you took Oxfam at their word, you would believe that a substantial number of those people who are suffering severe inequality are in fact in the Western world when clearly the reverse is the case—by any standard we are the wealthiest people in the world.

If we really care about poverty and poverty is what we seek to alleviate then economic growth is the best way to do that. Sometimes economic growth does come at the cost of inequality. The best example of this is the economic growth that China has experienced over the last 40 years. It has been, in my view, one of the most positive developments of the second half of the 20th century and the first decade of the 21st century. Over 600 million people have been lifted above the poverty line—the absolute measure of poverty. Their lives have been transformed in a fundamental and wonderful way. People who did not have access to electricity now have access to electricity. People who did not have access to refrigeration now have access to refrigeration. People who did not have access to education now have access to education. The standard of their food, clothing and technology has improved in a profound way. While this magnificent reduction in poverty has taken place within China in
the span of 40 years—one of the greatest reductions in human poverty in history—inequality has increased.

If you listen to those opposite and their concerns about inequality, and if you read Thomas Piketty, then you would think that inequality must be fought at all costs. I understand where they are coming from and it is a good place to come from—inequality on its own, as a premise, sounds like a bad thing. But what do you think the people in China who have been lifted out of poverty would have rathered? Would they have rather been lifted out of poverty as they have been while, at the same time, some people in China have accumulated great wealth—billions of dollars of wealth—or would they have rather stayed, as they were for most of their history, in real poverty? I think, if I was someone living in China and I could choose to remain in my station in life, in relative poverty, in order to keep others in poverty at the same time so that we could be relatively equal, or I could choose that my wealth would increase modestly and my living standards would increase modestly while others' standards of living increased spectacularly—far more than mine—I would accept the latter. I would accept an increase in inequality for me and for my society in order to have a decrease in poverty. Poverty is a far more important thing to fight than inequality.

I think we had a really wonderful contribution to this debate, in a general way, in the maiden speech last night by Senator Gichuhi from South Australia. She spoke very powerfully of her own journey from Kenya to Australia and about her experience of the welfare state in Australia and the effect it had on her and her family. The observations she made were very powerful. I think we should always bear in mind, as Senator Gichuhi said, that the best path out of poverty is employment and jobs. That has been and always will be a priority of my side politics and of this government.

Finally I want to turn to the Productivity Commission Amendment (Addressing Inequality) Bill 2017 itself, which was proposed by Senator McAllister. While I, like her, respect the Productivity Commission as an important institution and, I like her, respect its work, it is for that reason that I am concerned about this specific proposal. I think it seeks to politicise the Productivity Commission in an inappropriate way. As Senator McAllister admitted, she is the person of the Left and she wants to see the Productivity Commission produce reports that align with, and address, her political priorities.

I do not think that is an appropriate thing to do with an independent economic agency like the Productivity Commission, which has provided such important reports and advice to government. I think it is best that, as far as possible, it be kept at arm's length from government and not dictated to by the politics of the day, so that it has the greatest potential to provide independent, dispassionate advice to the government. I think it is unwise to try and seek to direct the Productivity Commission to address the political priorities or philosophy of any party in this place. There are certainly changes we could make to the Productivity Commission's charter to address the priorities and concerns that I might have and ensure that the Productivity Commission's reports in the future more closely match the political priorities I have; but I recognise that I am a member of a political party and that I have my own views and preconceptions, and it would not be a good idea to ask the Productivity Commission to take those on and reflect those.

I appreciate the concern of Senator McAllister and all senators in this place about inequality. But I would finish on the note that, while inequality can be and is important,
poverty is far more important. If we ever have to choose between the two, as some people have, including in China, the best one to choose is to alleviate poverty. The best way to alleviate poverty is through free markets and economic freedom. Every country that has gone from relative poverty to relative prosperity has gone through a period of inequality as a result. It is the advanced capitalist countries of the world, like Australia, that are relatively equal by world standards, and it is through a state of far reaching and complete capitalism that inequality is best tackled, rather than through government intervention.

Senator WHISH-WILSON (Tasmania) (10:07): I commend Senator McAllister for bringing forward the Productivity Commission Amendment (Addressing Inequality) Bill 2017. The Greens would support, in principle, any enhancement or refocusing of our attention on what is arguably one of the greatest issues of our time. My party talks a lot about climate change. But economic inequality, while it is tied to issues like poverty, as Senator Patterson outlined, and issues like climate change, is all-encompassing and one of the biggest challenges that we face—and not just here in Australia but right around the world. What we can do here is put a lens over every piece of legislation we look at and ask ourselves: is it making economic inequality worse in this country? When we deal with foreign aid or participate in overseas conflicts, international treaties and international trade deals, we should ask ourselves: are we making inequality worse around the world? These are the questions we should ask ourselves every chance we get.

Having said that, I have spent nearly every round of estimates since I became a senator asking the same question to our agencies here in Australia, especially to Treasury officials: what holistic approach do you take to tackle the issue of economic inequality in Australia? The answers have always been a source of disappointment. Whether it is the Reserve Bank, focusing on inflation and interest rate targets, and everything else will fall into place, or APRA focusing on financial stability, or ASIC investigating matters in relation to the Corporations Act—the one thread that is missing is a holistic approach to one of the greatest challenges of our time.

Whether the Productivity Commission itself is the right body—and I am happy to be advised on that, and on what kinds of legislative implications that might have—I would be interested to hear more and I would certainly be interested to hear from the Productivity Commission itself about this amendment. It is independent—fiercely independent. It has produced some good work. I do not say that lightly. We do not always agree with some of its recommendations; nevertheless, we respect the fact that it should be independent.

Recently I met with the economics committee, with the Reserve Bank governor, in a private meeting. I will not go into any details of that private meeting. The Reserve Bank governor in Australia has been playing a very interesting role in public debate. He has been commenting on issues like economic inequality, lack of infrastructure spending, housing risks, and pressures to the financial system. He sees himself as having an interesting role in at least informing public debate. That is probably the closest thing I could say. And of course the Reserve Bank produces occasional papers which allow them to do research projects. So, the governor has played a very important role; nevertheless, I would like to see a much more holistic approach to this issue in Australia.

So who does tie together the threads on economic inequality in Australia? It is left to the not-for-profit sector or the private sector, and here I have an excellent report called Inequality
in Australia 2015—which I am not using as a prop; I am just having a look at it. It is produced by ACOSS, who tie together the threads and do their own research. It is very well respected. While these kinds of things are critical for the public debate—and I am about to summarise some of the key findings in a minute—it would be good to see the government taking a holistic policy approach to economic inequality.

What we often overlook when we think about economic inequality is that it is very closely tied to the politics we are seeing around the world at the moment—the backlash we saw in the US, which allowed Donald Trump to get elected. Many commentators have, I think rightly, pointed out that one of the key underlying reasons he was elected was that there was discontent related directly to economic inequality in the US—not poverty, as Senator Paterson alluded to as the critical problem, but economic inequality. And with Brexit—the reaction we saw in the UK—it was economic inequality. I would say—and I know you would be very interested in this, Acting Deputy President Bernardi—that the outcome of the recent UK elections, with the rise of Jeremy Corbyn, is another sign that economic inequality is being taken very seriously by voters and citizens, who have a considerable amount of frustration.

We have seen all these issues rise to the surface following the GFC, during which the financial system around the world was shaken up. We are seeing retaliation against globalism building all around the world, including I suppose Mr Trump himself, reflecting the views of his voters—cancelling the Trans-Pacific Partnership Agreement and other policy initiatives. And we are seeing it in this country. Let's not hide our head in the sand; economic inequality is a very significant issue here, and I will go through some statistics in a minute. Obviously it is not anywhere near what we are seeing in other countries. Nevertheless, it is an issue that should be addressed. In fact, I might go to some of those issues right now, because they tell a very important story and paint a very stark picture of how we should be responding to these issues in the legislation and the policies we look at in this place.

Inequality in Australia is higher than the OECD average, which I think is a recommendation and a conclusion that people would be surprised by. A person in Australia who is in the top 25 per cent income group has around five times as much income as someone who is in the bottom 20 per cent. Strong employment growth over the past 17 years has helped to reduce inequality, and I think Senator McAllister alluded to this, as those at the bottom end of the income distribution had greater access to the workforce and more workforce related hours. However, wages growth was very unequal over the period and acted to increase inequality. Over the 25 years to 2010 real wages increased by 50 per cent on average but by 14 per cent for those in the bottom 10 per cent of workers, compared with 72 per cent increases for those in the top 10 per cent of income earners in this country. In other words, the wealthier you are—the more money you earn—the better you have done over this period.

When we look at an average of 50 per cent increase across the board, let's break that down: if you are poor in this country, or a low-income earner, you have hardly any of that 50 per cent increase. That is nearly all gone to the top 10 per cent income earners in this country. It is no wonder the Reserve Bank governor this week, once again contributing to public debate, has called on workers to stand up for their wage increases. And I will acknowledge Senator McAllister and her colleagues, who have been in the Productivity Commission estimates and have continually raised this issue around penalty rates and cuts to penalty rates and why these
things were not considered by an institution such as the Productivity Commission in relation to inequality—what kinds of impacts that is going to have on the economy—because it is actually an accepted fact that economic inequality, particularly when it becomes more acute, is a drag on economic growth and the economy. That is why wage rises themselves can be very useful for stimulating economic activity, because of course with the circular flow of income that money, that pay, gets reinvested back into the economy.

Increases in investment income, for those at the very top of the distribution, increase inequality, with investment income for the top 10 per cent doubling between 2004 and 2010. This increase is responsible for most of the increase in inequality over this period, despite forming only a small component of income. Looking at the demographics of this, people who are more likely to be found in the bottom of the income distribution are those over 65, sole parents, people from non-English-speaking countries and those reliant on government benefits as their main source of income. And may I say that since I have been in the Senate—for five years—they have been the target of policy in this place, especially by the Liberal government, to raise revenue to balance budgets. The most vulnerable people in this country have been targeted.

Remember the zombie budget cuts of 2013, and how the Greens and mostly Labor and other people in this place stood up to Joe Hockey’s and Mr Tony Abbott’s cruel budget? That is taking action on inequality; that is running the inequality lens over every piece of legislation that we consider in this place. So, why is it that these demographics are clear yet have been the target of our economic policy and legislation in this place? It is exactly the opposite of what we should be doing. And I want to see more of what we saw in this chamber this week: taking $6 billion off the big banks—$6 billion of tax that will pay for schools and hospitals from some of the wealthiest companies in the world. People who are more likely to be found in the bottom income distributions are the ones at whom we should be targeting our policies towards tackling inequality.

Income is not evenly distributed across the states and territories. We all know that. For example, people in my home state of Tasmania are more likely to be in the bottom 20 per cent, whereas people in Western Australia are more likely to be in the top 20 per cent. So, why do Western Australian senators come in here, Senator Bushby—through you, Chair—and ask for more money from my state of Tasmania, when we have a GST system in this country, horizontal fiscal equalisation, that is designed to transfer wealth from the wealthier states to help the poorer states? We are a federation. That is what this was set up to do. There are those states that, through an accident of geography, for example, do not find themselves sitting on some of the biggest mineral deposits in the world, but those states that do should be sharing that income with other states. Yet we constantly hear in this place that Western Australia should be getting more money and Tasmania should be getting less.

Let’s talk about the distribution of wealth in Australia today. Wealth is far more unequally distributed than income—that is the really bad news. The average wealth of a household in the top 20 per cent wealth group in Australia, so the top 20 per cent of richest people in this country, is around 70 times the average wealth of a household in the bottom 20 per cent in this country—70 times. Who wants to get a jelly bean for guessing what the key reason for that is? I will tell you: it nearly all comes down to land prices and real estate. The top 10 per cent of households own 45 per cent of all the wealth in this country, so the richest 10 per cent
of Australians own nearly half of the wealth in this country. Most of the remaining wealth is
owned by the next 50 per cent of households, while the bottom 40 per cent of households—
get this—nearly the bottom half of households in Australia own just five per cent of this
country's wealth.

Home ownership is the particular asset I just referred to. Australia is one of the most
concentrated places in the world for home ownership. Let me tell you why: the group with the
top 20 per cent of wealth distribution owns over 80 per cent of all wealth in investment
properties, and shares over 60 per cent of all superannuation wealth. Wealth held in the home
is relatively evenly distributed across income groups, largely due to the high levels of home
ownership of older retirees, who are more likely to be in low-income groups. One positive is
that wealth inequality has declined since the global financial crisis because, obviously, we
have seen a fall in asset prices, particularly in financial markets. That has now recovered, but
it has increased over the longer term, Senator Seselja, between 2004 and 2012.

These statistics are stark, so why wouldn't a logical, rational person—a senator in this place
who is fortunate enough and privileged enough to not only have the pedestal to raise these
issues in debates like this today, but to put up legislation, as Senator McAllister has, that
could try and hone our focus on tackling these issues—do just that? Why aren't we doing that?
What kind of legislation should we be looking at? In my last few minutes I would say that,
given these very black-and-white statistics on wealth ownership in this country, why do we
still have perverse incentives that give property investors the opportunity to corner the
housing market? That, by the way, is not just increasing economic inequality in this country,
but is adding very severe risks to our financial system that have been recognised by
international investors and, very recently, by the ratings agencies, who have basically said that
we are close to a crisis in the housing market.

Why don't we kill two birds with one stone and remove these investment incentives—these
perverse incentives like negative gearing and capital gains tax concessions? They are taking
revenue out of the tax system that could be used to pay for schools, hospitals, pensions for
retiring people and unemployment benefits, social safety nets and health care. That money is
contributing to inequality and instability in our financial system. It is an absolute no-brainer,
but no-one has the political courage in this place to tackle this. We have been banging on
about this for nearly 10 years. Labor has a version of a policy to at least ratchet back some of
those investment incentives, but we should actually remove them. Then we will have tens of
billions of dollars that we can allocate to where it is most needed.

What other things could we be doing? We could be taking government money—debt, long-
term capital issuances are at record low interest rates—and investing in the future of this
country. The government could be playing an active role in our life by investing in productive
infrastructure that would also tackle economic inequality, create jobs and growth—if I can use
that term, as much as it makes me cringe—and, of course, reduce housing bubbles. The
Reserve Bank governor has also said that investing in long-term infrastructure, especially
public transport, is one of the best ways to reduce housing inequality in this country.

What else could we do? We could invest money in a federal housing trust to build
accommodation for the many homeless in this country and those who cannot afford their own
home. My colleagues Senator Rhiannon and Senator Ludlam over the years have done some
fantastic work in setting up what a federal housing trust would look like. We have nearly half
a million people in this country who cannot afford to buy a home. Where is the role of government? Where is the provision of low-income housing that we see in overseas countries, especially in Europe? It is almost non-existent. There is so much we could do; there are so many positive, proactive things I could talk about here today to reduce inequality. But, to go back to Senator McAllister's bill, unless we focus on economic inequality we are never going to fix it. We are always going to be burying our head in the sand. We are always going to be dealing with the short-term political issues of the day—which leadership struggle gets the most eyeballs on social media, in the papers or on TV sets? It is personality politics.

We are fortunate and privileged in this place to be able to tackle these issues. Other governments around the world are moving to tackle these issues—and they are not just economic issues or social issues. I would argue that economic inequality is one of the biggest sources of political instability around the world. I have read Thomas Piketty's *Capital in the Twenty-First Century*. It is difficult reading—I must confess that it took me a long time to read it, but I did finish it. There is a lot of empirical data there, and the conclusions are stark: we are entering a period of unprecedented economic inequality all around the world and it is creating political instability. We owe it to our democracy, which is the best system we have, to tackle this issue because it is, all around the world, undermining our democratic institutions. People are fed up. They do not believe in trickle-down economics. It has failed. The neoliberal experiment has failed. We need to find a new business model that looks after people and puts people before profit and has an increased role of government in our lives. That is what the Greens propose.

Senator LINES (Western Australia—Deputy President and Chair of Committees) (10:27):
I want to put on the record comments that take a perspective different from the remarks of Senator Whish-Wilson. I am a WA Labor senator and I have spoken in this place about the need for Western Australia to receive more GST but never have I suggested, for a minute, that it should be at the expense of Tasmania. I do not think any Labor senator or MP in the other place has suggested that. We want to see a fairer distribution—we have never suggested taking from one state or territory and giving to another. I do remind the Greens party that poverty exists across this country, and to somehow claim that Tasmania has a greater need than Western Australia is to ignore the state of poverty in Australia and indeed in my home state.

The other point I would make, and this Productivity Commission Amendment (Addressing Inequality) Bill goes some way to addressing it, is that Senator Whish-Wilson said that somehow the Greens have been banging on about this for 10 years. That is the problem—we have had words but not actions. I do remind senators in this place, and particularly the Greens senators, that it is Labor that has put in place a whole range of reforms—superannuation, Medicare, parental leave. We had policies in government that did tackle homelessness and affordable housing. We had a bill in the other place, which the government knocked off, to try to protect penalty rates. We have put those actions in place but sadly they have not gone far enough. Also, every time the conservatives come into power, whether as state governments or federal governments, we see the situation eroded. This bill says let us start tackling and reporting on economic inequality. That is at least a start.

Recently I attended the Women's Forum in New York, which looked at women's economic empowerment across the world. It is shocking—wherever you look across the world,
Australia is no different. We might be a little better off than our sisters in some Third World countries, but, nevertheless, women are not treated equally in this country—despite the reforms that Labor governments have put in place. And, certainly, that equality is absolutely under attack from the Turnbull government. It has been under attack since the day that they were elected.

With issues such as penalty rates, who on earth thinks that penalty rates will somehow magically lead to greater employment? It is an absolute nonsense. It takes pay out of the pockets of, particularly, low-paid workers—of women workers. We know that in Australia we have one of the most highly gender segregated workforces in the world. Men work in traditional male occupations; women are clustered in low-paid jobs and they rely on penalty rates. Yet, the Turnbull government, come 1 July, are going to take money out of the pockets of those women. It is an absolute disgrace and, quite frankly, I cannot believe that they think it is somehow going to create more employment. Of course it will not. So we will see women who work in hospitality and retail, come 1 July, get less money in their pay packets to support their families, to go to university or to do whatever else they rely on. The reason women and men work on weekends is to supplement low income. I do not get which bit of that those opposite just cannot understand. It is an absolute disgrace that on 1 July we will see people in this country lose income, and they will do so at the hands of the Turnbull government. I will never let the Turnbull government forget that. Labor has said that we will address this. We will put it back. We will make the changes to the Fair Work Commission to make sure that low-paid workers cannot be attacked by the Turnbull government.

On 1 July what else will happen? Millionaires will get a tax cut. On the very day the Turnbull government is taking money out of the pockets of low-paid workers—particularly women stuck in those areas of low pay—they will be giving their millionaire mates a tax cut. What a disgrace. They still believe, in this day and age, that somehow this trickle down will work. It will not. In the same way as when they cut superannuation, they refused to pass on the next percentage increase. That damages long-term retirement incomes, but they boasted that somehow that would create employment. Well, it has not, because we have seen record unemployment under the Abbott and Turnbull regime as prime ministers of this country. That is actually what we have seen. And the jobs that have been created are low-paid jobs, casual jobs—jobs in areas where workers will lose penalty rates. So this bill will actually start to hold up a light. It will start to say, 'We need to report on inequality in this country.' That would be a first step.

Using the Productivity Commission will take the political spin out of it. It will look at the impacts of inequality on the Australian economy, and it will produce a report—like Closing the Gap—that we will have to address as lawmakers in this country. We did see evidence during the inquiry—I was fortunate enough to be able to attend one of the hearings in Sydney—that inequality is stark, particularly for women. Women around this country, quite frankly, are a bit sick of just keeping on talking about it. We have known this for a very long time. We know we have a highly gender segregated workforce. Yet, despite some effort, we are not getting women into those STEM areas. We really need to do much more than we are currently doing to encourage the break-up of the gender segregation that we see. On the other side, in the caring industries and in retail and hospitality, men are never going to work in those industries in large numbers. Why? Because the pay is appalling. It is poverty wages.
For an educator working in the early education field, it is one of the most important jobs you could do in our society, because we know that for young children the vast majority of brain development happens between one and three years of age. What are we paying those workers? We are paying them poverty wages—about $21 an hour. That is what we are paying low-paid educators. Those wages are so bad. In an industry predominantly funded—almost 100 per cent—by those opposite in the federal government, the wages remain at poverty levels. It is not that educators do not love their jobs. It is incredibly rewarding working with young children, particularly young children between the ages of one and five. But they are forced out because they cannot afford to stay, or, alternatively, they are working two and three other jobs and that means that when they come to work in the morning to work with young Australians—our future leaders—they are tired and that automatically puts them at a disadvantage. But if they want to stay in the job that they love they have to work elsewhere, or they have to rely on another wage in their family. That is disgraceful.

At the other end of the spectrum we have aged care workers who, again, care for some of the most vulnerable in our society—senior Australians who have worked and have contributed to our economy, have paid their taxes, have raised families, have built homes and have led decent lives. Yet, at the end of their lives they are cared for by workers who are very low paid and part-time, who also have to work at least one other job to make ends meet. What is the key feature of these two sectors? Women. Women are clustered in aged care and early childhood, and an aged care worker earns about the same as an early childhood worker—about $21 an hour—but they rely on penalty rates, because the caring industry is seven days a week, 24 hours a day. But you can bet your bottom dollar that now that the Turnbull government has simply closed its eyes to the attack on penalty rates in retail and hospitality they will come for the aged care workers—the first they came for. We all know that sequence of events.

But it will not stop at hospitality and retail. What we have seen from the Turnbull government is that they are doing nothing to stop the attack on workers wages. In fact, many in the Turnbull government applaud the loss of penalty rates. They think it is a good thing for our economy. What is less money in our economy a good thing? Why is taking money out of the pay of low-paid workers a good thing? Why is giving someone less money to spend each fortnight when they get their pay packet good for our economy? No-one believes that. But somehow those opposite in the Turnbull government think there is going to be this magic proliferation of jobs.

Even if there were more jobs created as a result of this—I do not believe that, but let us assume for a minute that we will create a few more jobs—what will they be? More low-paying jobs—not good for our economy, not good for our tax system, and not good for individuals' prosperity. Yet, those opposite will champion it.

So, education and early childhood education—low-paid workers—women; aged care workers—low-paid women. Than there is the disability sector. How proud am I to be a Labor senator and to have been part of the government that introduced the NDIS? It is a revolutionary reform. Like Medicare, it will become a very important part of our economy. The NDIS is there. From the work that Labor did, we know that we need a massive increase in the workforce into the future.
What are the key features of the disability services sector? Low pay, and guess what the gender is—female. It is a feminised, low-paid workforce. Yet those opposite have done absolutely nothing to address the needs of that workforce into the future. You cannot have choice and control, which is a key part of the NDIS, if you do not have the workforce to match. We will not be able to attract the workforce we need unless we do something about the pay. Again, we see that those workers are on about $21 an hour. They want to look after and support people with disability to be able to manage in their own homes. They do an incredible job and they are unsung heroes, as are early childhood educators and aged care workers. But there will be a shortage into the future if we do not act on the pay. I think that those opposite think that the answer to that is to just import workers. Of course that contributes nothing to our economy either.

So not only do we have to encourage women into STEM areas and traditional male areas of our workforce; we need to fix the pay and working conditions in low-paid areas so that we attract a different workforce. We want diversity in our workforce. We recognise that male workers bring a different perspective to these sectors, particularly early childhood workers. We want to encourage males in, but we will never get them unless we address this shocking poverty pay that exists in these areas. So having Senator McAllister’s bill here, which is going to force us to report on a whole raft of things in relation to social injustice and economic inequality in our country, is a really positive issue.

The other issue we have to address as a society, as a community and as legislators is that we really have to start speaking about the unpaid work that women do. We know that, despite many men being much more enlightened than perhaps my father and men that went before him, we do need to share the family work that is traditionally done by women, because that prohibits women from going out and finding higher-paid jobs. If you have to be there to do school pick-up or to care for an aged parent, you cannot take a job that requires you to work from 3 pm to 5 pm. You are prohibited from doing that. We know that in our country the unpaid work is traditionally still done by women. We need to start to talk about that.

But of course we have a government that is characterised by those famous comments by former Prime Minister Abbott, when he talked to the women who apparently do all the ironing in the country. If you have MPs and senators opposite with a view that somehow it is our normal destiny as women to take on this unpaid caring role, we are in trouble. It is time that we started to challenge that and to measure the sorts of unpaid work that women do in our community and really start to change that. For that to happen we need flexible workplaces. We need to actively encourage men to take time to care for children, to take days off when their children are sick, to take time to go to school assemblies and all of the things that traditionally in our community we rely on women to do. We need our workplaces to be much more flexible to the needs of men when they have family commitments.

This is not some utopian socialist dream. This is actually good for our economy. It is good for our economy when we have workforce flexibility for men and women, when we encourage employers and hold up private employers to role model where flexible work actually works, where men are taking a share of what happens in family life. Until we start to address the unpaid work done by women, we will still be talking about inequality in 20 years. It is a major impediment to women fully participating in the workforce.
Gone are the days in our country when the male worked full time and the woman worked part time. That is no longer acceptable. If that is an arrangement people choose, good on them, but let us make a real choice for men and for women. Across your career in the paid workforce there might be times when both of you work part time and times when both of you full time, and that unpaid component of family life is shared equally between men and women. We are a long way from that, unfortunately, but that is something we need to consider as a community, and to role model best practice when we see it.

At the inquiry the Australian Industry Group talked about barriers for flexible workplace issues, so it is not just the Labor side of politics talking about this, but the Australian Industry Group, too. They indicated to us that flexibility was something most employers wanted to offer to staff and they felt that inflexibility made it very difficult for employers to implement alternative working arrangements for workers who desire or require more-flexible working arrangements. I think all of this in this place and many Australians struggle when our children start school. That is probably a time when it is very hard to manage full-time work and also pick children up from school and make sure they are properly cared for. If we had that flexibility, particularly across the early years, we would create more-productive workplaces.

With regard to the gender pay gap, despite Labor making great inroads on pay inequality in the famous cases that were run in the industrial commissions in this country, wage inequality still exists. It is 16 per cent and has been stubbornly stuck there for 20 years—that is generations of workers—and in my state of Western Australia it has been stubbornly stuck at 24 per cent. These are issues that need urgent attention from the government and indeed this parliament, yet they simply get overlooked. It is not acceptable in this day and age to have such inequity in pay continue on and on without being addressed.

Senator IAN MACDONALD (Queensland) (10:47): Listening to this debate, and particularly the previous two speakers, with their socialist rhetoric, brings to my mind some maxims that were first mentioned in the 19th century by the philosopher Reverend Bottger, sometimes attributed to Abraham Lincoln and elaborated upon by Winston Churchill. I think it is always important to remind ourselves of those 10 maxims, which are as important and evident now as they were when they were first uttered. I notice some schoolchildren in the gallery. I love to see them here. It is good to see them watching parliament in action in the cause of democracy. They too might be interested in these 10 maxims. I am going to repeat them because they are so germane to the debate we are having today. The first one is: you cannot strengthen the week by weakening the strong. Winston Churchill elaborated on that by saying you cannot make the poor rich by making the rich poorer. You cannot bring about prosperity by discouraging thrift. You cannot help little men by tearing down big men. You cannot lift the wage earner by pulling down the wage payer. You cannot help keep the poor by destroying the pitch. You cannot establish sound security on borrowed money. You cannot further the brotherhood of man by inciting class hatred. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by destroying men's initiative and independence. And you cannot help men permanently by doing for them what they can and should do for themselves.

Those maxims are self-evident, and they are what made America great, a little before Australia was made great by people following those principles. They are a series of thoughts that I was delighted to hear our newest senator, Senator Gichuhi, mention, not in those words
but in the themes that she addressed yesterday in her maiden speech to this chamber. Of course, they are the principles upon which the Liberal Party of Australia is based. It is a tenet of the party that I belong to that you must look after those who are disadvantaged and those who are not as fortunate as we are. Through the majority of the Commonwealth, when we have had Liberal governments, those principles have been put in place.

This Productivity Commission Amendment (Addressing Inequality) Bill 2017 is a private member's bill from a Labor senator, and I congratulate Senator McAllister for bringing forward for debate a sensible policy proposal—not one that I necessarily agree with, but I appreciate the fact that it is an attempt to have a sensible policy discussion in this place and does not, as with many of Senator McAllister's colleagues, simply to make some very base political point or attack members of the Senate who are not members of their party. So I am pleased that this debate is before us. I should point out to Senator McAllister that the Intergenerational report, which she mentioned both in her second reading speech and in the explanatory memorandum, is produced not by the Parliamentary Budget Office, as she said, but by the Treasury. I do not think that error in your second reading speech makes a great deal of difference to the bill before us, but it is important to make sure we all understand these things.

The Labor Party want the Productivity Commission to do another investigation and another report. If you have plenty of money and plenty of time, that is sometimes a useful way to go. Rather than doing reports, investigations or studies, the Turnbull government is actually addressing inequality with policies to boost economic growth that generates greater employment and income for hardworking Australians whilst targeting assistance to those who need it most. Again quoting our newest senator, Senator Gichuhi, yesterday in her first speech, the best form of welfare is a job. The best form of welfare is a job, and that is what our government are attempting to do.

The previous, Labor speaker, Senator Lines, mentioned that the current government has presided over record unemployment. Clearly, the previous speaker has not been here long. I am proud to say I have been here 27 years and am currently the longest serving parliamentarian, and I have seen it all before. I happened to be here when, under the Keating Labor government, unemployment across Australia was at almost 13 per cent. Youth unemployment in the Keating years across Australia was upwards of 35 per cent. Yet Labor speakers come in here and try to suggest with non-factual comments that unemployment under this government is at record levels. It clearly is not. I can tell you, though, Mr Acting Deputy President Bernardi, that it is at record levels in the city where I have my office, the city of Townsville. We are, regrettably, a state with a Labor government which has done little on the economy. In fact, it has done little on anything. It is adopting the principle that if you do not make a decision and you do not do anything, then you are not going to offend anyone, so your chances of getting re-elected at the next election are better, because you have not put anyone off side. More than that, they have employed another 12,000 public servants, most of whom are not needed in Queensland but who, I guess, are grateful for their job and will show their gratitude in the upcoming state election in Queensland.

But in my home city of Townsville, unfortunately, unemployment is at very high levels. Why? Because of the mining downturn and because the state government, who control the local economy, have done nothing. The federal government has tried to help in Townsville,
with commitments to the Eastern Access Rail Corridor project, to the Townsville Stadium, to the ring road around Townsville, to beef roads and to regional roads. The money from the Commonwealth for dams and for water studies has really flooded into the north, but, unfortunately, whilst the Commonwealth government provides the money, with the way our Constitution is set out, the work has to be done by the state government, who own the roads and who own the rivers. We, federally, can only provide the money, and we have done that. Regrettably, the state government have not used that money for the benefit of the people of North Queensland.

Credit where credit is due, I will give the Labor Premier of Queensland credit for staring down the opponents in her own party, including her Deputy Premier, by—reluctantly, I think—eventually supporting the Adani project to build a long railway line in Queensland to go from the central Queensland coalfields to the Abbot Point port near Bowen. For young people who might have heard of this debate, can I say to you: please do not believe the rhetoric of the Greens and GetUp, who tell you that opening a coalmine about 500 or 600 kilometres inland, behind the Great Dividing Range, is somehow going to destroy the Great Barrier Reef. I live on the Great Barrier Reef. All of the people of that part of Queensland, who are represented by members of the Liberal-National Party—not of the Labor Party—know that the reef is carefully managed. It has ups and downs, but, generally speaking, it is a resilient organism that will continue to flourish, because it is well managed by, principally, the federal government, in conjunction with the Queensland government.

I have diverted a fraction from saying that the Queensland Premier, against opposition from within her own party, did in fact supports the Adani railway and mine project, which will also, as an adjunct, help the South Australian steel industry, because all of the steel for the railway will be sourced from Whyalla. That project will provide real jobs, will provide some sustenance to small businesses who are struggling in that area and will, consequently, help with the equity of those who are less fortunate in the North Queensland region at the moment.

The previous speaker also made some reference to the abolition of penalty rates on 1 July. Somehow this is the fault of the Turnbull government, even though it was a decision made by the Fair Work Commission, whose members are principally ex-union workers and ex-union bosses appointed by the Labor Party.

**Senator Seselja:** Under a Labor piece of legislation.

**Senator IAN MACDONALD:** Under a Labor piece of legislation—that is quite right, Senator Seselja. This independent commission, made up of mates of Senator Cameron who his government appointed to the job, took evidence and looked at it all. They understood the facts and figures, and they—not the Turnbull government—made a decision to adjust penalty rates for Saturday and Sunday work. Why? It is because the evidence clearly showed that penalty rates discourage employment opportunities. I know, without a study by the Productivity Commission or the Fair Work Commission or anyone else, just from my contact with my constituents, that there are so many small businesses who will not open on Saturday and Sunday because they cannot afford to pay the penalty rates. They cannot afford to compete in wages, because they have to pay huge penalty rates, whereas the big chains—like Maccas, Kentucky Fried and those fast-food chains; Myers and David Jones; Woolworths and Coles—thanks to a union deal, do not have to pay those same rates.
Why? It is because Mr Shorten, when he was a union leader, did these deals with that sector of the industry and said, 'You don't have to pay these huge penalty rates,' but the small businessmen, the mums and dads trying to compete with these multinational chains, 'Sorry you've got to pay these prohibitive penalty rates,' which means that most of them do not open. With a more realistic approach to penalty rates these small businesses, the mums and dads, will say, 'Yes, we will open on Saturday and Sunday, because we can afford to employ people.' That means more people will be employed, and that sort of thing will address the critical unemployment situation in my home city of Townsville. Fortunately, this is not shared by most of the rest of Australia at the present time, but it will make a difference there and right across Australia.

As I said before, it is my party's vision—it is in our DNA and it is certainly in the DNA of coalition governments federally—to look after those who cannot look after themselves, the more disadvantaged in our society. I will give just one example: the National Disability Insurance Scheme. I concede this originated in the term of the Labor government, but it was a proposal that was fully supported by the then opposition, which was our party, something you do not see today in this parliament. Anything that comes to this parliament, whether it be good, bad or indifferent, is automatically opposed by Labor and the Greens, just because we brought it forward. The Liberal Party in opposition thought that the NDIS was a good idea. It is part, as I say, of our DNA to look after those not as advantaged as the rest of us.

It was a good idea, but at the time we warned, 'Is this being paid for?' As I mentioned before in one of those important maxims, 'You can't keep out of trouble by spending more than you earn.' That is what Labor governments do all the time. That is what they did with the NDIS. That is what they do with everything: 'Yeah, good idea, it will get a few votes: let's promise we'll have a national disability insurance scheme. How's it going to be paid for? Don't worry about that; let's get the credit for setting this up and we'll worry about that later.' Of course, the Labor Party never provided money for the NDIS. It has been left to this government to actually fund the National Disability Insurance Scheme.

We are asking Australians to contribute, with the Medicare levy to be increased by half a percentage point from two to 2.5 per cent of taxable income. This means that one-fifth of the revenue raised by the Medicare levy, along with underspends within NDIS, will be directed to an NDIS savings fund to ensure that this good scheme can continue and be fully funded into the future—a proposition, an arrangement that the Labor Party had neither the wit nor the courage nor the understanding to introduce.

This is a measure because we do have those hated rich people that Senator Lines spoke about. Fortunately they are rich, because 2.5 per cent of their income will mean a huge boost to looking after those who need the NDIS. I repeat that maxim: you cannot establish sound security—social security in this instance—on borrowed money. Because we do have people who earn a lot, they contribute more—and thank goodness we do have them.

Similarly, this government understands inequality in education. That is why Senator Birmingham is bringing in a scheme that is equal across the board. It makes sure that people, no matter which category they are in, have money to be properly educated. As a state school veteran—all my school years were at a state school; I could not afford to go to university; I did my tertiary studies externally—I understand how important it is that all students should be helped by the federal government and the state governments. People say to me: why is the
federal government giving Catholic and private schools so much money and state schools so little? The reason is that the state governments in our Federation give the state schools all the money and the Catholic and private schools very little at all. So what the Commonwealth has always done, since the Menzies days, is try and equalise that. We do not care where kids go to school; as long as they are getting a good education, they should all be treated relatively equally.

Across the board, coalition governments, since time immemorial, have tried to lessen the inequalities within Australia by sensible policies that work and that do achieve results: That is why every serious social reform, and indeed environmental reform, that has ever come before the Australian parliament has been a product of Liberal governments over the decades.

Senator CAMERON (New South Wales) (11:07): I am pleased to have the opportunity to participate in the debate on the Productivity Commission Amendment (Addressing Inequality) Bill 2017. I support this bill and congratulate my friend and colleague Senator McAllister on her initiative in bringing this bill before the Senate and commencing a debate on inequality, one of the great social and economic issues facing the nation. The bill amends the Productivity Commission Act 1998 to expand the general policy guidelines for the exercise of the Productivity Commission's functions to require consideration of inequality. The bill establishes a framework for the Productivity Commission to regularly report on economic inequality.

I have been a long-time critic of the Productivity Commission since appearing before the commission and former Commissioner Banks on the future of the vehicle and component industry many years ago. I appeared in my role as the national secretary of the Australian Manufacturing Workers' Union. Arising from that hearing, the commission set the stage for the destruction of the vehicle and component industry in this country. It did not do a lot for equality and it did not do a lot for working people. The commission, in my view, is far too dominated by economists. Worse still, these economists are predominantly advocates of neoliberal economics who argue that the economy will reach equilibrium, in which all resources will be fully employed, if only government is minimised.

These people in the Productivity Commission are the acolytes of the Austrian school of economics, influenced by Friedrich Hayek, and the Chicago school of economics, influenced by Milton Friedman. It is my view that, unless there is an injection of economists who understand the role of the state and Keynesian economic principles, the majority of the reports will be guided by an increasingly discredited economic theory that increases poverty and inequality. There must be an injection of economists who are not bogged down by their ideological presumptions, such as, 'Markets are always efficient,' or, 'Government is always inefficient.'

The Productivity Commission can always be relied on to minimise the role of government and maximise the role of the so-called free market. We therefore need a renewed debate on the role of government in reducing inequality while moving away from the sterile and unrealistic slogans of the coalition, such as 'jobs and growth' and 'innovation agenda' and the empty rhetoric of trickle-down economics, of which we heard so much about from the previous senator in this debate, Senator Macdonald.

As the renowned Nobel economics laureate Joseph Stiglitz stated in his book Freefall: America, Free Markets, and the Sinking of the Global Economy:
Economics had moved—more than economists would like to think—from being a scientific discipline into becoming free market capitalism's biggest cheerleader.

The Productivity Commission is an example of this. The economists in the Productivity Commission, who can pontificate on any issue that the government brings before them, were missing in action and failed to analyse or understand the problems being created by greed and corruption in the US finance sector which led to the great recession. Where were all the alarm bells from these right-wing economists in the Productivity Commission that there was something happening in the US that would lead this country into what almost became a recession?

We would have been in a recession if we had not had a Labor government in place to actually use Keynesian economic principles to keep people at work, keep communities operating and keep businesses and corporations going. Labor in government, in my view, should not solely rely on advice from the Productivity Commission, unless the dominance within the commission of free market economists is balanced by economists who understand the importance of the role of government in the economy. Unless we do this, the good aspiration contained in this bill that the Productivity Commission consider inequality and establish a framework to regularly report on inequality will be frustrated by the dominance of the Chicago school of economics thinking of the economic staff in the Productivity Commission.

What are the drivers of inequality? The drivers of inequality are the neoliberal economics we just heard from Senator Macdonald. Again, he just used the same tired, old, regurgitated rhetoric that the coalition have been using for years about trickle-down economics. They think that, if they give a $65 billion tax cut to big business who do not pay their fair share of tax now, there will be economic growth and jobs will be created. What a load of tosh from Senator Macdonald and the coalition on this issue. They argue about too much tax and small government. Small government means that you end up not having the capacity to provide the health services, the education services and the infrastructure that this country needs to continue to compete at an international level.

They do not deal with multinational tax avoidance, which is a great driver of inequality. They constantly attack the union movement. We heard from Senator Macdonald. He is full of rhetoric about the trade union movement without understanding the benefits that the trade union movement brings to working class people in this country through decent wages and decent conditions and how that flows on to small businesses across the country because workers have a dollar in their pocket to spend in those small businesses.

Another driver of inequality is the budgetary decisions of the coalition. No-one should ever forget the 2014 budget. It was the epitome of inequality created by government policy. If you ever want to look at what would drive inequality, go back to the 2014-15 budget of this government: changes to welfare for young people; reductions in hospital funding and health expenditure, including new patient contributions to the cost of medical services; and reductions in school funding. That is where they really are. The only reason they are trying to put up a smokescreen that they are interested in education is that they were being killed out there, day in day out, in the political debate on education and school funding. That is the only reason they have actually been dragged kicking and screaming to any semblance—and a pale imitation—of what Gonski is really about. They actually reduced family tax benefits in that
They reduced the indexation of the age and disability pensions. Cuts to pensioners was their DNA in their policy and their budget. And these cuts, including reduced funding to higher education and increased student contributions, mainly affected low- and middle-income households.

I will not be lectured by any of that mob, that rabble of a government across there, on inequality—absolutely no way. They all, like lemmings, supported these cuts when they first came to government and argued that this was good for the economy. Well, they destroyed people's lives! I will not accept any criticism of Labor policies from a mob who just do not understand inequality. In that budget, young people under 30 were denied access to income support for six months of every year, losing up to $255 a week. Young kids were supposed to starve if they did not have their family looking after them! What an obnoxious policy to bring in a country like Australia—which had an international reputation for egalitarianism. Young people aged 22 to 23 were transferred from Newstart allowance to the lower youth allowance. Young people with disabilities were reassessed, with income reductions of up to $214 a week in the disability support pension.

Indexation changes were put in place that would erode the real value of payments over the long term with the loss of $80 a week in a decade. They abolished the pensioner education supplement. And they tightened access to family payments, impacting mainly on low-income families with children—in particular, sole parents. They made changes to family tax benefit B. Sole parents with a youngest child aged between six and 12 lost $37 a week and those with a youngest child aged over 12 years would lose $58 a week. This is their understanding of inequality. This is how they behave when they think they can get away with it.

Do not listen to any coalition member who ever stands up here and talks about looking after working class people in this country, because it is not in their DNA. They do not care about working people. They care more about the big businesses that put the dollars into their election funds, whether that is done legally or in the back seat of a Bentley with a property developer up in Newcastle handing over $10,000 in a brown paper bag to the coalition. They do not care about working class people in this country.

The coalition want us to change the payment indexation for pensions. They have changed it from the CPI to wages. That would erode the value of the pension by $80 a week over 10 years. That is how much they care about pensioners. They extended the qualifying age for the age pension without any increase in the Newstart payment, reducing income for those unable to work up to 70 by between $64 and $166 a week. This was the coalition in action. Boilermakers, fitters, builders and labourers are being told, 'You've got to work until you're 70.' What a nonsense!

Then look at the group of Australians who are suffering most from inequality—Aboriginal and Torres Strait Islanders. One hundred and fifty programs were consolidated into five. The government cut $493.7 million from Aboriginal and Torres Strait Islander support, and $160 million of the cut was from a reduction of expenditure on Indigenous health programs. So no wonder the government cannot deal with inequality. It is because they just do not know what it means. There are cuts to Indigenous language support programs of $9.5 million. They reduced funding to the National Rental Affordability Scheme, which was putting low-income people into houses, with the loss of round 5 incentives and 12,000 dwellings that should have been in there for low-income households.
They cut funding to homelessness services and they did not give any indication that they would continue funding. They have defunded housing help for seniors and defunded the first home saver account scheme. That was when they first came into government. Now in the most recent budget they have put it back in. They do not know if they are Arthur or Martha, this mob. They will just do anything to try to save their necks, because they are such a rabble of a government. They are so divided internally. They do not want to deal properly with the issue of inequality. They do not want to deal with the issues that really go to ensuring that there is a fair and egalitarian society in this country.

Who could ever forget the sight of former Treasurer Hockey, who was telling everyone there were 'lifters' and 'leaners', becoming the 'leaner-in-chief' over in New York? Who will ever forget him and the current Minister for Finance, Minister Cormann, celebrating the imposition of all this inequality on Australians with a fat Havana cigar. It probably cost more for one cigar than they expected an Australian in trouble to survive on for a day. It was absolute nonsense. The current Prime Minister, Malcolm Turnbull, in an interview said he supported every aspect of that horrendous budget. So the coalition cannot criticise anyone in relation to what we are doing to try to deal with inequality.

Inequality comes at a cost to the whole economy. There is a vicious spiral when inequality is not dealt with. Look at what has happened under this government—record underemployment, record-low wages growth and record-low share of national wealth, down from 75 per cent in the 1970s to 53 per cent now. There is the highest level of income inequality in 75 years and yet the government still support cuts to penalty rates for 700,000 of the most vulnerable, low-paid workers in this country. They are an absolute disgrace.

Thankfully, in more and more countries around the world they are getting rid of these policies of globalisation, privatisation, competition policy and austerity. Thatcherism is dead—it is just that these people do not understand that. Even the International Monetary Fund has identified that reductions in the number of trade unionists and the taking away of the rights of trade unions results in more inequality. That is the speciality of this mob—they know that if they can destroy the trade union movement, weaken the trade union movement, working class people will suffer more and more inequality. When the International Monetary Fund is saying that, then we should all be very concerned about what they are about. Deunionisation weakens earnings for middle- and low-income workers. That is what they are about—giving $65 billion of tax cuts to big business on the theory of trickle-down economics and, while they give tax cuts to millionaires, increasing taxes on ordinary working families. That is their view of inequality. That is how they try and deal with inequality. They do not have a clue.

The trade union movement is absolutely essential to dealing with inequality. We have seen a position where every time this government gets an opportunity they try and weaken the rights of workers who belong to trade unions. They try and diminish the capacity of workers to enterprise bargain effectively. And the push to enterprise bargaining has created a position where multinational corporations can use all of their resources against workers and their unions, but the union cannot take any coordinated action across that company. I think it is a disgrace. That should be changed. The right of entry for union officials should be liberalised so that we can actually get in there and talk to workers about the problems they have on the job. But this government is so busy with its ideological obsession, with destroying the trade
union movement, cutting rates for pensioners and getting rid of decent funding for education and health, that they do not care. They are an absolute rabble and a disgrace of a government.

(Time expired)

Senator LEYONHJELM (New South Wales) (11:27): I rise to oppose Labor's Productivity Commission Amendment (Addressing Inequality) Bill 2017. This bill would require the Productivity Commission to prepare five-yearly reports on the effects of inequality. A saving grace of this is that this requirement is not loaded with an assumption that inequality is bad and the government should counter inequality. The Productivity Commission would hopefully measure the things that matter to people, how equally these things are distributed and the effect of this distribution.

Some people want more money, more goods and services and more assets, so the commission would measure inequality in these things and assess the effects of such inequality. But consumption is not all that matters to people. Inequality is found in many areas of life. Some people at death's door just want to survive, while others with poor health just want to be able to enjoy everyday life. The lonely among us long for friends, meaningful relationships and family. Many yearn to have children. Some people long to find meaningful employment and have fulfilling careers. Some people are tired of carrying the tax burden for others. Some just want a bit of respect. Some people have a spiritual gap in their lives and some people wish they were better looking or still had hair on their heads. Good luck to the Productivity Commission if it has to measure and assess inequality with respect to all of this. Given the problems confronting the governments of Australia, this exercise does not strike me as the best use of the Productivity Commission's time.

However, the critical component of the bill before the Senate today is a requirement on the Productivity Commission, in performance of all its functions, to have regard to the need 'to mitigate the negative effects of inequality on the Australian economy and the Australian community.' This requires the commission to accept, before it has done any investigation, that inequality has negative effects that should be mitigated. This undermines the usefulness of having an organisation where staff are tasked to gather evidence and come to their own conclusions.

As it happens, inequality does have negative effects, namely: envy. But the moral thing for the government in response to this envy is to do nothing. The role of government should not be to do whatever the median voter wants, which could very well be to seize the property of the minority. The role of government is to protect life, liberty and property and, more broadly, to do other beneficial things that businesses cannot profitably provide due to free riding. In other words, liberty should trump democracy. This is in the long-term interests of Australians, including the median voter.

Currently the bipartisan obsession with spending other people's money has us on a slow path to self-destruction. I urge parliamentarians, whenever they are thinking about spending more of other people's money, to consider what Australia will look like in decades ahead if such behaviour were to continue. Equality in poverty is not something we should aspire to.

Senator KETTER (Queensland) (11:31): I rise to speak in support of the Productivity Commission Amendment (Addressing Inequality) Bill 2017. In opening my comments I want to congratulate my colleague Senator McAllister for bringing on a debate on such an important matter. For those of us on this side of the chamber the recent decision of the
Productivity Commission to recommend a reduction in penalty rates makes the case very, very strongly that this reform is long overdue. The Productivity Commission is the brainchild of the former Howard government, and, while, I must confess, sometimes its reports have been useful—and I will come back to that—it’s most recent recommendation in respect of penalty rates in the retail, hospitality and fast-food sectors has given cover for the industrial commission to follow through with devastating cuts, which are going to further entrench inequality.

On this side of the chamber we know that equality of opportunity is core business for people in political life. If we are here for nothing else, we should be here to ensure that all Australians have equal opportunities. We know that it has become mainstream economic thought that inequality is inextricably linked with economic growth, so we really need to tailor our institutions to focus on this issue and ensure that it is an important consideration. But it is not just economic linkage. We know if there is a sustained perception of inequality in a society then that will have political consequences. I would argue that the rise of President Trump and the events in the UK with Brexit are all symptoms of people's perception that they are not adequately benefiting from the growth of the economy, and that is therefore leading to dissatisfaction, disaffection, dislocation and disengagement. This is something that, as a body politic, we need to nip in the bud, and I think Senator McAllister's proposal for the Productivity Commission is a good starting point for focusing one of our key institutions on the issue of inequality—amongst other things, of course. They will always need to address other criteria, but inequality should be up there, of equal importance, with those other issues.

We know that Australia's inequality level is the challenge of our time. Even the Treasurer, Mr Morrison, has indicated that low wages growth is probably the single most important economic issue that we confront. Having said that, the government will not do anything to prevent the cuts to penalty rates and prevent the take-home pay of many low-wage employees being further affected. It is a very hollow observation on the part of the Treasurer. We know that wealth is growing more quickly at the top of the spectrum, and over the past four decades real earnings for the top 10 per cent have risen nearly four times faster than they have for the bottom 10 per cent. That is a huge concern. Unless we do something about this trend of increasing inequality then, as sure as night follows day, we are going to see a continuation of it and things will get a lot worse before they get any better.

I was somewhat heartened, and a bit surprised, to see the new Governor of the Reserve Bank come out in support of workers demanding a greater share of the economy's profits to drive up record low wages growth. The Governor of the Reserve Bank is not normally seen as a champion of workers' rights, though to be fair to the governor he has made a number of other comments as well—but this was a central tenet of one of his recent speeches. He identified that there is a real need to address this issue of demand in the economy, and we need a sustained pick-up in wages to enable us to move out of the abnormally low interest rate settings that we are currently in. It is surprising to see the Governor of the Reserve Bank make those comments.

We have also seen comments from the Business Council of Australia's chief executive, Jennifer Westacott, who has written that the sense of resentment in the community over the changing economic outlook is real and it must be understood. She has said:
Economic liberalisation is a social compact. In exchange for rising incomes to help them look after their local needs, people are asked to accept an ever-changing economy with industries that rise and fall with the tide of global progress.

After a decade of phenomenal income growth, built on the back of a deregulated economy that reaped the benefits of increased global trade, business investment has now slowed and wages growth has fallen flat.

She says that the crisis really is in real wage growth. This is coming from an unusual quarter—even people on the business side of our society are saying that enough is enough, that we have seen surprising income growth in certain quarters but the people who most need the benefit of the growth in our economy are not seeing that.

Almost three-quarters of Australians agree that differences in incomes are too high. We do not have the sorts of levels of income inequality that you might see in the US, for example, but that is because of many of the institutions that we now take for granted in our country. I am very proud to be a Labor politician and to be able to point to many of those institutions as having been initiated, created or sustained and protected by the Labor Party in the course of 100 years, whether it comes to forms of welfare which were absolutely necessary—payments to mothers, in the first instance, going back 100 years or so; along the way, through Medicare and our occupational superannuation system; and, as we go forward, the NDIS. There are many other initiatives that the Labor Party has taken which form part of the fabric of the safety net we have in this country that has been so effective in the past in ensuring that the benefits of economic growth do flow through to those people that really need it.

It is of continuing concern to me that, despite the fact that many credible economists identify this as one of the reasons why Australia does have this relatively low level of inequality, we continue to see from the other side of politics continued attacks on these institutions and concepts. Really, if there is one area that should have bipartisan support, it is buttressing the institutions which prevent levels of inequality such as we see in the United States. I call on colleagues opposite to get on board with that.

The tide is turning and there is a need for us to adjust our thinking, out of the Thatcherite and Reaganist era, if we are going to lift economic growth out of the doldrums it is currently in. Although we have had a sustained period of economic growth, and there are a number of reasons for that, it is low growth and it is growth that is not flowing through in benefits to low-income workers. When we talk about this safety net, we are also talking about the trade union movement, as it is an integral part of it. We should get our heads out of the Thatcherite and Reaganist era, when there was a hard Right attack on the union movement because they interfered with the free market. That type of thinking, trickle-down economics, should be confined to the dustbin of history, and we should be adopting a more enlightened approach, one that is more in line with the facts and with the empirical evidence.

It is not just Labor saying this. For example, the International Monetary Fund has made the comment and has actually quantified the extent to which inequality is an inhibitor of economic growth. So as a former trade union official I join with Senator Cameron in saying that, rather than continuously attacking the trade union movement—which is at a low ebb at the moment, and we should be frank about that; levels of union membership in this country are quite low, historically speaking, and I would put that down to the fact that there is a lot of emphasis given to sensationalist media reporting—it should be considered, and it is, as I said...
in my first speech in this place, an integral part of the system of transmitting the proceeds and the benefits of economic growth through to ordinary working people. That is where I stand and that is what I support.

As I said, while we do not have those extremes of inequality that we see in other countries, we are below the OECD average, and the Gini coefficient, which is a well-respected metric in this area. Whereas the OECD average is 0.32, Australia's is 0.33. We are not doing as well as we should and as well as we have done in the past. We know that 2½ million Australians live below the poverty line. I have indicated that inequality is a drag on economic growth and a destabilising force in society. I have touched on that point. The OECD has estimated that from 1985 to 2005 inequality reduced growth among member states by almost 5 per cent. That is an extraordinary figure. The IMF's chief, Christine Lagarde, has warned leaders as the World Economic Forum recently that economic growth can only be sustained if it is equitable. It comes back to the need for an institution like the Productivity Commission to focus on this particular issue. I started by talking about the penalty rates decision, which I think is the most egregious example of the Productivity Commission looking at a set of facts and coming up with a conclusion that is unhelpful to our economy and our society. We know that the McKe...
consumer side of our economy to languish. If we want to see people loosening up their purses and wallets to spend in the economy, we need to provide better wage growth for them. That can only be done if we have lower levels of inequality, so that people can start to enjoy the benefits of economic growth. If we do not do that, it is a very serious issue. We do not want to see the instability in our society that we have seen across the world. Australia has a great track record but it is under pressure, and measures such as those in the bill will go some way to addressing that concern. (Time expired)

Senator ROBERTS (Queensland) (11:51): The Productivity Commission Amendment bill 2017 amends the Productivity Commission Act 1998 to expand the general policy guidelines for the exercise of the Productivity Commission’s functions to include consideration of inequality, and establishes a framework for the Productivity Commission to regularly report on economic inequality.

The purpose of this bill is to improve the quality of information and analysis available about economic inequality in Australia and to ensure that proper consideration is given to inequality in the public debate about economic policy. We firstly compliment Senator McAllister and the ALP for putting forward this bill, even if we have some reservations, as expressed quite well by Senator Leyonhjelm.

I will firstly discuss inequality. Inequality of wealth is an important economic phenomenon that should be properly and independently measured and analysed; however, it is a result, not a cause. A significant level of inequality is not in itself an economic issue. It is whether someone has sufficient and growing wealth to pay the bills, not whether someone else has even more sufficient and growing wealth. So, provided this is used correctly, and not politically for pushing a philosophy, it will be a valuable addition to the debate in this country.

Inequality only makes economic sense as one possible indicator that something may be askew with the levels and trend of real net wealth. Real net wealth is driven not by inequality but by factors such as real income and wages versus the real cost of living. The latter, cost of living, is partially and imperfectly measured by the CPI, which nevertheless clearly shows why poor and middle-class Aussies continue to struggle. The poor in fact get hammered by regulations, which seem to be the solution to many of the problems or challenges that the ALP see. The ALP, along with their Greens allies, quite often put forward an increase in regulation. Regulations bring with them an increase in cost, a decrease in quality and a decrease in production, which hurt the poor most of all. Regulations are an indiscriminate and regressive impost on the poor.

The Productivity Commission has been a bastion of sound economics and common sense for decades. The Productivity Commission will be aware of the primary role that too many government interventions, such as in the form of regulation, tax and money supply, have in reducing real net wealth as possibly indicated by significant levels of inequality. Thus, no government agency is in a better position to be tasked with assessing inequality than is the Productivity Commission.

Inequality can be very difficult to define. Senator Ketter has already attempted to discuss some of those aspects. Is it gender inequality? Is it geographical inequality? Is it inequality of tax? Is it inequality of wealth? As I said, regardless, when it comes to economic considerations, inequality is a result, not a cause.
Senator Ketter raises the question of declining union membership. That is no secret. A lot of people are aware of this. And then he raises the point about penalty rates. It is all too clear that the people who have pushed the decrease in weekend penalty rates, for example, are the very union bosses that have complained no about the Fair Work case result. Some in the media are referring to the Leader of the Opposition as Electricity Bill. That is not something I would do in this chamber, but that highlights two things. That is what people are seeing, and that gets to the heart of Senator Ketter's comments: these are open, everyday things. The penalty rates decision was preceded by the union bosses doing deals with the big end of town to strip penalty rates out of enterprise agreements. The decrease in penalty rates has been led by union bosses.

We then see energy policies—electricity especially. As the famous saying goes, the road to hell is paved with good intentions. Some work by our staff indicated that single pensioners pay 11 per cent of their income, which is not discretionary, on energy. It is now a highly regressive tax to increase energy prices, which is at the core of Labor Party policy with its 50 per cent renewable energy target and its now support for the disgraceful Finkel report, which has no sound economic merit at its base. (Time expired)

The DEPUTY PRESIDENT: The time for this debate has expired. Senator Roberts, you’ll be in continuation when the bill is brought back on.

NOTICES

Senator Ludlam to move:
That the Senate—
(a) notes that:
(i) the Attorney-General is required to issue annual reports on the use of telecommunications interception and surveillance devices by Australian agencies under the Telecommunications (Interception and Access) Act 1979, and
(ii) the Telecommunications (Interception and Access) Act 1979 annual report for the year ending 30 June 2016 has not yet been issued; and
(b) orders that there be laid on the table, by the Attorney-General, by no later than 3 pm on 9 August 2017, a copy of the Telecommunications (Interception and Access) Act 1979 annual report for year ending 30 June 2016.

Senators Siewert, Brown, Fierravanti-Wells, Gallagher, Gichuhi, Hanson-Young, Hume, Lambie, Kakoschke-Moore, Kitching, Lines, McAllister, McCarthy, McKenzie, Moore, Nash, O’Neill, Pratt, Polley, Reynolds, Rice, Rhiannon, Ruston, Singh, Urquhart, Waters and Wong to move:
That the Senate—
(a) notes the report, Over-represented and overlooked: the crisis of Aboriginal and Torres Strait Islander women’s growing over-imprisonment, which was released in May 2017;
(b) acknowledges the harrowing statistics in the report that:
(i) Aboriginal and Torres Strait Islander women make up only 2 per cent of the adult female population, but 34 per cent of women in prison, and
(ii) some 80 per cent of Aboriginal and Torres Strait Islander women behind bars are mothers; and
(c) asks for Federal leadership to develop a national action plan to address the crisis of Aboriginal and Torres Strait Islander women’s growing over-imprisonment.

Senator Waters to move:
That the following bill be introduced: A Bill for an Act to amend the A New Tax System (Goods and Services Tax) Act 1999, and for other purposes—Treasury Laws Amendment (Axe the Tampon Tax) Bill 2017.

Withdrawal


Presentation

Senator Siewert to move:
That leave be given to introduce a motion on behalf of a great many women in this chamber around Aboriginal and Torres Strait Islander female incarceration.

COMMITTEES

Selection of Bills Committee

Report

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (11:58): I present the seventh report of 2017 of the Selection of Bills Committee. I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

SELECTION OF BILLS COMMITTEE

REPORT NO. 7 OF 2017

1. The committee met in private session on Wednesday, 21 June 2017 at 7.23 pm.
2. The committee recommends that—
   (a) the provisions of the Australian Citizenship Legislation Amendment (Strengthening the Requirements for Australian Citizenship and Other Measures) Bill 2017 be referred immediately to the Legal and Constitutional Affairs Legislation Committee for inquiry and report by 4 September 2017 (see appendices 1 and 2 for a statement of reasons for referral);
   (b) the Corporations Amendment (Modernisation of Members Registration) Bill 2017 be referred immediately to the Economics Legislation Committee for inquiry and report by 11 September 2017 (see appendix 3 for a statement of reasons for referral);
   (c) the Environment and Infrastructure Legislation Amendment (Stop Adani) Bill 2017 be referred immediately to the Environment and Communications Legislation Committee for inquiry and report by 13 September 2017 (see appendix 4 for a statement of reasons for referral);
   (d) the provisions of the Regional Investment Corporation Bill 2017 be referred immediately to the Rural and Regional Affairs and Transport Legislation Committee for inquiry and report by 14 August 2017 (see appendices 5 and 6 for a statement of reasons for referral);
(e) the provisions of the Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 7 September 2017 (see appendix 7 for a statement of reasons for referral);

(f) the provisions of the Social Services Legislation Amendment (Payment Integrity) Bill 2017 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 7 September 2017 (see appendices 8 and 9 for a statement of reasons for referral);

(g) contingent upon introduction in the House of Representatives, the provisions of the Social Services Legislation Amendment (Welfare Reform) Bill 2017 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 4 September 2017 (see appendix 10 for a statement of reasons for referral); and

(h) the Vaporised Nicotine Products Bill 2017 be referred immediately to the Community Affairs Legislation Committee for inquiry and report by 13 September 2017 (see appendix 11 for a statement of reasons for referral).

3. The committee recommends that the following bills not be referred to committees:
   • Customs Tariff Amendment (Incorporation of Proposal and Other Measures) Bill 2017
   • International Monetary Agreements Amendment Bill 2017
   • Liquid Fuel Emergency Amendment Bill 2017
   • Petroleum and Other Fuels Reporting Bill 2017
   • Petroleum and Other Fuels Reporting (Consequential Amendments and Transitional Provisions) Bill 2017
   • Productivity Commission Amendment (Addressing Inequality) Bill 2017
   • Safe Work Australia Amendment (Role and Functions) Bill 2017
   • Treasury Laws Amendment (2017 Measures No. 3) Bill 2017.

4. The committee deferred consideration of the following bills to its next meeting:
   • Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017
   • Competition and Consumer Amendment (Truth in Labelling—Palm Oil) Bill 2017
   • Education and Training Legislation Repeal Bill 2017
   • Education Legislation Amendment (Provider Integrity and Other Measures) Bill 2017
   • End Cruel Cosmetics Bill 2014
   • Great Barrier Reef Marine Park Amendment Bill 2017
   • Imported Food Control Amendment Bill 2017
   • Live Animal Export (Slaughter) Prohibition Bill 2017
   • Migration Amendment (Regulation of Migration Agents) Bill 2017
     Migration Agents Registration Application Charge Amendment (Rates of Charge) Bill 2017
   • Migration Amendment (Validation of Decisions) Bill 2017
   • Public Governance and Resources Legislation Amendment Bill (No. 1) 2017
   • Statute Update (Smaller Government) Bill 2017
   • Treasury Laws Amendment (2017 Measures No. 4) Bill 2017.

5. The committee considered the following bills but was unable to reach agreement:
   • Telecommunications Legislation Amendment (Competition and Consumer) Bill 2017
   • Telecommunications (Regional Broadband Scheme) Charge Bill 2017.
APPENDIX 1
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
AustraliC Citizenship Legislation Amendment (Strengthening the Requirements for AustraC citizenCship and other Measures) Bill 2017
Reasons for referral/principal issues for consideration:
Determine whether the changes to citizenship requirements will improve national security. Consideration of human rights implications and discriminatory nature of the measures to people of non-english speaking backgrounds.
Possible submissions or evidence from:
Human rights Commission
Australian Law Council
Migration Solutions
Committee to which bill is to be referred:
Legal and Constitutional Affairs Legislation Committee
Possible hearing date(s):
11 August 2017
Possible reporting date:
11 September 2017
(signed)
Senator Kakoschke-Moore

APPENDIX 2
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
AustraliC Citizenship Legislation Amendment (Strengthening the Requirements for AustraC citizenCship and other Measures) Bill 2017
Reasons for referral/principal issues for consideration:
The complexity of the Bill means it needs investigation.
Possible submissions or evidence from:
- Department of Immigration and Border Protection
- Federation of ECCA
- the Migration Council of Australia
- Refugee Council of Australia (RCoA)
- the Settlement Council of Australia (SCoA)

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

**Possible hearing date(s):**
- To be determined by the Committee

**Possible reporting date:**
- 16 August 2017
  - (signed)
  - Senator Urquhart

**APPENDIX 3**

**SELECTION OF BILLS COMMITTEE**

**Proposal to refer a bill to a committee:**

**Name of bill:**
- *Corporations Amendment (Modernisation of Members Registration) Bill 2017*

**Reasons for referral/principal issues for consideration:**
- Bill addresses a deficiency in corporate governance.

**Possible submissions or evidence from:**
- Brett Stevenson
- Alex Malley (CPA Australia)
- Governance Institute of Australia

**Committee to which bill is to be referred:**
- Economics Legislation Committee

**Possible hearing date(s):**
- August 2017

**Possible reporting date:**
- September 2018
  - (signed)
  - Senator Kakoschke-Moore

**APPENDIX 4**

**SELECTION OF BILLS COMMITTEE**

**Proposal to refer a bill to a committee:**

**Name of bill:**
- *Environment and Infrastructure Legislation Amendment (Stop Adani) Bill 2017*

**Reasons for referral/principal issues for consideration:**
- Use of taxpayer funding for subsidies for multinational mining corporations
- The poor environmental history and questionable track record of the Adani group
- The need to review the Adani group's environmental approvals in Australia
Whether the NAIF Act should include a fit and proper person test
Whether the "environmental history" test in the EPBC Act should be strengthened.

Possible submissions or evidence from:
- The Adani group
- The NAIF
- The Minister for Resources
- Environmental Justice Australia

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

Possible hearing date(s):
Mid-July

Possible reporting date:
13 September 2017

(sign)
Senator Siewert

APPENDIX 5

SELECTION OF BILLS COMMITTEE

Proposal to refer a bill to a committee:

Name of bill:
Regional Investment Corporation Bill 2017

Reasons for referral/principal issues for consideration:
- To investigate claims that the Regional Investment Corporation will help to fast-track the construction of dams and priority water infrastructure projects needed to stimulate investment, economic growth and increased agricultural productivity in rural and regional communities.
- To investigate what is the cost benefit to determine that it makes sense to locate the Regional investment corporation in Orange, NSW.
- To investigate if the farm business concessional loans programme and National Water Infrastructure will be budget neutral over their life.
- Any other related matters.

Possible submissions or evidence from:
State and Territory Governments; Department of Agriculture; the Department of Finance.

Committee to which bill is to be referred:
Rural and Regional Affairs and Transport Legislation Committee

Possible hearing date(s):
To be determined by the Committee

Possible reporting date:
4 September 2017

(sign)
Senator Urquhart

CHAMBER
APPENDIX 6
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
  *Regional Investment Corporation Bill 2017*
Reasons for referral/principal issues for consideration:
  Due consideration and scrutiny of the bill and the implications of the ANAD audit.
Possible submissions or evidence from:
  - Department of Agriculture
  - State Governments
  - NFF and state farmer peak bodies
  - ANAO (re: their Administration of Concessional Loans Programs report)
Committee to which bill is to be referred:
  Rural and Regional Affairs and Transport Legislation Committee
Possible hearing date(s):
  8-10th August (if necessary)
Possible reporting date:
  Tuesday 15th of August 2017
  (signed)
  Senator Siewert

APPENDIX 7
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
  *Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017*
Reasons for referral/principal issues for consideration:
  - Better understand impact of the cuts
  - Ensure affected groups and expert groups are able to contribute
  - Ensure that vulnerable groups are not negatively affected by the changes
  - Ensure that all Australians have adequate opportunities to undertake study to find and keep employment
Possible submissions or evidence from:
  - ACOSS
  - Social Security Rights Network
  - Brotherhood of St Laurence
  - National Union of Students
  - Foundation for Young Australians
Committee to which bill is to be referred:
   Senate Community Affairs Legislation Committee
Possible hearing date(s):
   Not required
Possible reporting date:
   7 September 2017
   (signed)
   Senator Urquhart

APPENDIX 8
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
   Social Services Legislation Amendment (Payment Integrity) Bill 2017
Reasons for referral/principal issues for consideration:
   • Better understand the impact of the measures
   • Ensure proper scrutiny of the Bill
Possible submissions or evidence from:
   • ACOSS
   • Social Security Rights Network
   • Brotherhood of St Laurence
   • National Seniors
   • St Vincent de Paul
   • Carers Australia
   • National Council of Single Mothers and their Children
   • St Vincent de Paul
   • Salvation Army
   • Catholic Social Services
   • COTA
   • Federation of Ethnic Communities' Councils Australia
   • The Parenthood
Committee to which bill is to be referred:
   Senate Community Affairs Legislation Committee
Possible hearing date(s):
To be determined by the Committee

Possible reporting date:
7 September 2017
(signed)
Senator Urquhart

APPENDIX 9
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
Social Services Legislation Amendment (Payment Integrity) Bill 2017
Reasons for referral/principal issues for consideration:
Implications for pensioners, families
Possible submissions or evidence from:
ACOSS, NSSRN, Anglicare Australia, UnitingCare Australia, Catholic Social Services
Committee to which bill is to be referred:
Community Affairs Legislation Committee
Possible hearing date(s):
Possible reporting date:
(signed)
Senator Siewert

APPENDIX 10
SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
Social Services Legislation Amendment (Welfare Reform) Bill 2017
Reasons for referral/principal issues for consideration:
• Better understand the impact of the measures
• Ensure proper scrutiny of the Bill
Possible submissions or evidence from:
• ACOSS
• Social Security Rights Network
• Brotherhood of St Laurence
• St Vincent de Paul
• National Council of Single Mothers and their Children
• St Vincents Health
• Salvation Army
• Catholic Social Services
• Assoc. Prof. John Fitzgerald, University of Melbourne
• Homelessness Australia
• National Drug and Alcohol Research Centre
• Rural Doctors Association of Australia
• Royal Australian College of Physicians
• Anglicare Australia

Committee to which bill is to be referred:
Senate Community Affairs Legislation Committee

Possible hearing date(s):
To be determined by the Committee

Possible reporting date:
4 September 2017
(signed)
Senator Urquhart

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

Name of bill:
Vaporised Nicotine Products Bill 2017

Reasons for referral/principal issues for consideration:
Raises important health and personal choice issues.

Possible submissions or evidence from:
Can provide extensive list based on Select Committee inquiries on Nanny State and also Red Tape.

Committee to which bill is to be referred:
Community Affairs Legislation Committee

Possible hearing date(s):
No preferences

Possible reporting date:
By 13 September
(signed)
Senator Leyonhjelm

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

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (11:58): I move:
At the end of the motion, add "and, in respect of the Telecommunications Legislation Amendment (Competition and Consumer) Bill 2017 and the Telecommunications (Regional Broadband Scheme) Charge Bill 2017, the provisions of the bills be referred to the Environment and Communications Legislation Committee for inquiry and report by 8 August 2017".
Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (11:59): The opposition agrees with the amendment, but I would like to rise and make a few comments about the Selection of Bills Committee report and, in particular, the referral of the Australian Citizenship Legislation Amendment (Strengthening the Requirements for Australian Citizenship and Other Measures) Bill 2017 to the Legal and Constitutional Affairs Legislation Committee for inquiry. We support the referral to the committee, but the opposition would like to put on the record our concerns that were raised at the selection of bills meeting last night about the conduct of that inquiry. The Legal and Constitutional Affairs Legislation Committee is an important and powerful committee of the Senate. Its job is to scrutinise important legislation and report to the Senate, and it is critical for the Senate to be able to perform its responsibilities as a house of review.

Labor has informally raised concerns before that we had about the conduct of previous inquiries, whether it be specific legislation or through the estimates process. Specifically, our concerns are about the ability of the chair to conduct hearings which are respectful both of senators and of witnesses and professional in their approach at all times. The Australian Citizenship Legislation Amendment (Strengthening the Requirements for Australian Citizenship and Other Measures) Bill is an important piece of legislation. It is vital that the inquiry is professional, that witnesses are respected and that senators are able to perform their duties as provided for by the relevant standing orders without obstruction or harassment. Whilst it is regrettable to raise these issues in the chamber, in this instance Labor believes it is important to bring our concerns to the attention of the Senate.

Senator McKIM (Tasmania) (12:01): I endorse the comments made by Senator Gallagher and want to offer a few thoughts with regard to Senator Macdonald, the Chair of the Legal and Constitutional Affairs Legislation Committee, who, in conducting himself in that role, has consistently demonstrated bias and incompetence. We have seen badgering and bullying of witnesses—

The DEPUTY PRESIDENT: Senator McKim, resume your seat. I will just remind you that you cannot reflect on a senator in those terms, so I ask you to withdraw those remarks.

Senator McKIM: I do withdraw those remarks. I guess I cannot call him a lickspittle either.

The DEPUTY PRESIDENT: Senator McKim, I have cautioned you. Please do not take licence with that.

Senator McKIM: In that case, what I will say is this: the conduct of Senator Macdonald as the Chair of the Legal and Constitutional Affairs Legislation Committee risks bringing that committee and this Senate as a whole into significant disrepute in the minds of the Australian people. We have seen Senator Macdonald trying to evict me from that committee for doing my job as a senator representing the Tasmanian people and the Australian people, trying to prevent me from asking questions and trying to prevent me from holding the government to account.

The Australian people have witnessed the difference in the way he conducts himself with regard to some witnesses that have appeared before that committee and the contrast in that behaviour with the behaviour he engages in with regard to government ministers who are
appearing as witnesses before that committee. If you look at the 14th edition of *Odgers*, it says, on page 462, this:

It is in the … committee] room that careful, calm consideration can be brought to bear upon a subject, and [senators] can work harmoniously in spite of party differences.

We are in danger of not meeting that standard. We are in danger of undermining public confidence in the Legal and Constitutional Affairs Legislation Committee as a result of the way that that committee is chaired.

With regard to citizenship legislation, which is part of this report, the bill is nothing other than an attempt to remake Australia in Peter Dutton's narrow-minded and bigoted image. It is aimed at demonising—

The DEPUTY PRESIDENT: Senator McKim, resume your seat. Senator Macdonald, on a point of order?

Senator Ian Macdonald: I do not think I need to make my point of order. I think you were about to make the point.

The DEPUTY PRESIDENT: Thank you, Senator Macdonald. I do remind you Senator McKim to refer to those in the other place by their correct titles, and I will ask you to respect them as members of this place and to withdraw that comment.

Senator McKIM: I withdraw that. But I will make the point here again that the citizenship legislation proposed by Minister Dutton, with the support of the entire cabinet, including Prime Minister Turnbull, is aimed at demonising and ostracising people who are already living, working and raising families in Australia. They are men, women and children who show every day how much they love this country and how hard they are working to contribute to our society and community. They want to make Australia their home. They want to build their lives, or rebuild their lives, in this country. For all their hard work, the government wants to spit in their faces. This legislation is like the policy of a carload of drunk thugs shouting abuse at passers-by. It is the policy of the Cronulla riots.

This legislation assumes the very worst in people—like high-standard English language tests that, I suspect, members of the cabinet would struggle to pass.

Senator McGrath: You're a dirtbag.

The DEPUTY PRESIDENT: Senator McGrath!

Senator McKIM: It is no coincidence that these kinds of English language tests were a hallmark of the White Australia policy.

The DEPUTY PRESIDENT: Senator McKim, please be seated. Senator Whish-Wilson on a point of order.

Senator Whish-Wilson: Deputy President, you heard exactly what Senator McGrath said. He needs to withdraw that.

The DEPUTY PRESIDENT: Senator McGrath, I invite you to withdraw those remarks.

Senator McGrath: I withdraw those remarks.

The DEPUTY PRESIDENT: I remind all senators that senators are entitled to be heard with respect and in silence. Senator McKim.
Senator McKIM: It is no coincidence that high-level English language tests that are designed to set people up to fail were a hallmark of the White Australia policy. This legislation and this government now want to lecture people about violence against women, despite the Minister for Immigration and Border Protection, Mr Dutton, trying to prevent a pregnant woman suffering serious health problems from being let out of detention in Nauru and coming to a hospital in Australia. This government, which impugns the independence of our legal system, including the AAT, now wants to lecture others about the rule of law. This government is trying to bend Australia to its will, to force Australia to give in to our fears, to put up the shutters and to build the fences. But I will tell you now that the government will not succeed, and it is the Australian people who will stop them from succeeding, because whether or not this government manages to change the laws to make it harder to become a citizen in this country, they will not change the fundamental character of our country, because the people will not let them. (Time expired)

Senator HINCH (Victoria) (12:07): Going back to the original issue that started this whole thing, without going into the side lines of Senator McKim, as a participating member of the committee I want to say that I endorse Senator Gallagher's remarks.

Senator IAN MACDONALD (Queensland) (12:08): I am the chair of the Legal and Constitutional Affairs Legislation Committee, to which the citizenship bill has been referred. I have already been in touch with the secretariat to try to work out a schedule for approval by the committee at an urgent meeting, which we have just called, so that we can deal with this before the Senate rises. I have given the committee some suggestions as to when hearings could be held in Melbourne, Sydney, Brisbane and Canberra to give everybody the widest opportunity to discuss what is clearly a very important bill, on which there will be lots of different views. Senator McKim espouses one view, which a minority might espouse. This is not the place for it, of course. If my suggestions are adopted, Senator McKim, as a full voting member of that committee, will have at least four occasions in public hearings to question witnesses. But when he questions witnesses he will, while I am chairman, do it respectfully and properly and in accordance with the standing orders.

Another senator in this chamber, who I will not mention, has complained to me that even in the committee he cannot hear what is going on because he sits near Senator McKim who consistently interjects. A senator has raised the same point in this particular chamber, not in the committee, complaining to the President that he cannot hear the President because of the consistent and constant interjections of Senator McKim. I have said many a time in the committees that I chair that I will not stand for that type of behaviour. It is bullying and it is disrespectful, and, as I proved with Lieutenant General Campbell, when senators disrespect witnesses I will insist that those senators either withdraw or remove themselves.

The DEPUTY PRESIDENT: Senator McKim, a point of order.

Senator McKim: Quite frankly, I could not care less what Senator Macdonald thinks about me.

The DEPUTY PRESIDENT: That is not a point of order.

Senator McKim: The point of order is that you required me to withdraw personal reflections on Senator Macdonald. I ask that you hold him to the same standard and require him to withdraw those personal reflections on me.
The DEPUTY PRESIDENT: Senator McKim, I asked you to withdraw comments which I considered to be unparliamentary. I am listening very carefully to the comments made by Senator Macdonald. If he or any other senator in this place makes unparliamentary comments, I will hold them to the same account.

Senator McKim: I am making sure that you heard Senator Macdonald call me a bully.

The DEPUTY PRESIDENT: I do not believe he talked about—

Senator McKim: He said I engaged in bullying behaviour. I ask you to reflect on that.

The DEPUTY PRESIDENT: Senator McKim, I do not believe the use of that term to be unparliamentary.

Senator IAN MACDONALD: Talk about a glass jaw! What I am repeating are actual facts. There has been a senator stand up in this chamber, not in the committee, and request the President to get Senator McKim to be quiet so that senator can exercise his right to hear what is happening in the chamber. The same thing happens in my committee. I have a constant and consistent barrage of interjections from Senator McKim that I will not stand for. There is one member of the opposition—again, who I will not name but those on the committee will know to whom I am referring—who does the same thing. These two senators think they are somehow special and that there are special and different rules for them that do not apply to anyone else.

Senator McKim is also concerned about the fact that, in the committees that I chair, I try to give every senator a fair crack of the time available. It is my consistent position—as all the senators in my committee know—to give each one 15 minutes at a time; no more and no less. They can come back and have another 15 minutes later. That way every senator gets to have their say. That does not suit Senator McKim or the Labor senator I am talking about, who want special privileges. Well, it will not happen. I work on the basis that the questions at estimates should be roughly proportional to the make-up of the Senate. It is my practice, which I will continue, to have one Labor, one Liberal, one Labor, one Liberal and then one crossbencher, because that is roughly the proportions of this chamber. Nothing can be fairer than that. But, of course, it does not suit Senator McKim because he is a member of a very minor party, which is becoming more minor, and he does not get the same say as a member of the Labor Party, who have two or three times as many senators as he has in this chamber.

I can understand why Senator McKim is going around the chamber trying to get some support to get me taken off chairmanship of the committee. I treat that as a badge of honour. He would not want to get rid of me if I was not an effective and fair chairman, and I will continue to be an effective and fair chairman. I will not be bullied by the likes of Senator McKim and one other senator. (Time expired)

The DEPUTY PRESIDENT: The question is that the amendment moved by Senator McGrath be agreed to.

Question agreed to.

The DEPUTY PRESIDENT: The question now is that the amended motion that the report be adopted be agreed to.

Question agreed to.
BUSINESS

Rearrangement

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (12:15): I move:

That—
(a) the Treasury Laws Amendment (2017 Measures No. 3) Bill 2017 be considered from 12.45 pm today; and
(b) government business be called on after consideration of that bill and considered till not later than 2 pm today.

Question agreed to.

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (12:15): I move:

That the order of general business for consideration today be as follows:
(a) general business notice of motion No. 380 standing in the name of Senator Gallagher relating to wages; and
(b) orders of the day relating to documents.

Question agreed to.

COMMITTEES

Red Tape Committee

Meeting

Senator Bushby (Tasmania—Chief Government Whip in the Senate) (12:16): by leave—On behalf of the chair of the Red Tape Committee, Senator Leyonhjelm, I move:

That the Red Tape Committee be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today.

Question agreed to.

Legal and Constitutional Affairs Legislation Committee

Meeting

Senator Ian MacDonald (Queensland) (12:16): by leave—I move:

That the Legal and Constitutional Affairs Legislation Committee be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today from 1:55 pm.

The committee wishes to meet at 1.55 pm to determine a schedule for its hearings.

Question agreed to.

MOTIONS

Uniting Church

Senator Wong (South Australia—Leader of the Opposition in the Senate) (12:17): by leave—I move:

That the Senate—
(a) notes that 22 June 2017 is the 40th anniversary of the service of inauguration of the Uniting Church in Australia;
(b) observes this day when members of the Congregational Union of Australia, the Methodist Church of Australasia and the Presbyterian Church of Australia entered into union in 1977;
(c) congratulates the Uniting Church on attaining this significant milestone;
(d) recognises the contribution of the Uniting Church, its agencies and its members have made to Australian society since its founding;
(e) acknowledges that the Uniting Church has chosen togetherness in faith to be of utmost importance, with members committed to living as one diverse community, despite often differing views; and
(f) expresses its hope that the Uniting Church continues to experience renewal in faith and its mission of unity as it celebrates 40 years as a uniquely Australian church.

Question agreed to.

Aquaculture Industry

Senator WHISH-WILSON (Tasmania) (12:18): I move:

That the Senate—
(a) notes:
(i) the damage caused to the Macquarie Harbour World Heritage Area, including the threat to the endangered Maugan Skate, as a result of the overstocking of salmon farms in the harbour,
(ii) the proceedings brought by Huon Aquaculture in the Federal Court and the Tasmanian Supreme Court against the Tasmanian Government for failing to properly regulate salmon farming by Tassal in Macquarie Harbour,
(iii) that the Commonwealth is investigating whether conditions imposed as part of the 2012 expansion of salmon farming in Macquarie Harbour have been breached,
(iv) the decision of the Hodgman Government to grant permission to Tassal to establish an 800 000 fish salmon farm in Okehampton Bay on Tasmania’s pristine east coast, and
(v) concerns from a wide cross-section of the community over the proposed Okehampton Bay salmon farm, including the concerns expressed by around 1 000 people who attended FloatMo in Hobart on 18 June 2017; and
(b) calls on the Hodgman Government to withdraw permission for a salmon farm in Okehampton Bay given the record of atrocious mismanagement and poor regulation of Tasmania’s aquaculture industry.

Senator McGRATH (Queensland—Assistant Minister to the Prime Minister) (12:18): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator McGrath: Tasmania’s world-class salmon industry and the 5,200 regional jobs it supports produce a premium product, including fresh and smoked salmon. Given proceedings before the Federal Court, it is not appropriate to comment in relation to Macquarie Harbour. Other proposals will be considered in accordance with national environmental law. The coalition government will continue to work with all parties to support sustainable growth and jobs and promote Brand Tasmania. We urge all sectors of the industry to work together to help achieve this outcome.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator GALLAGHER: Labor opposes this motion. Senator Whish-Wilson's motion makes a number of allegations that prejudge matters that are before the courts. Labor considers this motion to be an unfounded attack by Senator Whish-Wilson and the Greens on the thousands of Tasmanians who work in the industry, both on-farm and throughout the supply chain. Labor supports a well managed finfish industry in Tasmania. The Senate references inquiry into the Tasmanian finfish industry found that there was no justification for further regulations, but that additional resources were required for the management of the industry. The Tasmanian Liberal government has failed to make adequate investments in the management of that industry.

The DEPUTY PRESIDENT: The question is that general business notice of motion 382 as moved by Senator Whish-Wilson be agreed to.

The Senate divided. [12:24]

(The Deputy President—Senator Lines)

Ayes ......................10
Noes ......................40
Majority .................30

AYES
Di Natale, R
Lambie, J
McKim, NJ
Rice, J
Waters, LJ

Hanson-Young, SC
Ludlam, S
Rhiannon, L
Stewart, R (teller)
Whish-Wilson, PS

NOES
Back, CJ
Brown, CL
Canavan, MJ
Duniam, J
Fawcett, DJ
Fifield, MP
Gallagher, KR
Hanson, P
Hume, J
Kitching, K
Macdonald, ID
McAllister, J
McGrath, J
Moore, CM
Paterson, J
Reynolds, L
Ruston, A
Scullion, NG
Smith, D
Urquhart, AE (teller)

Bernardi, C
Bushby, DC
Dodson, P
Farrell, D
Fierravanti-Wells, C
Gallacher, AM
Georgiou, P
Hinch, D
Ketter, CR
Leyonhjelm, DE
Marshall, GM
McCarthy, M
McKenzie, B
O'Sullivan, B
Payne, MA
Roberts, M
Ryan, SM
Sinodinos, A
Sterle, G
Williams, JR
Question negatived.

**Energy**

Senator O’SULLIVAN (Queensland) (12:27): I, and also on behalf of Senator Williams, Senator McKenzie and Senator Macdonald, move:

That the Senate—

(a) welcomes the Prime Minister, the Minister for Resources and Northern Australia, and the Minister for the Environment and Energy, and their strong and decisive action in putting downward pressure on power prices by:

(i) finalising tough new regulation in the gas sector, putting Australians first with priority access to gas supply before it is exported,

(ii) strengthening the Australian Energy Regulator by providing it with an additional $67.4 million to stop energy network companies gaming the system and overturning rulings in the courts, and

(iii) asking the Australian Energy Market Operator how to ensure that new continuous dispatchable power is provided, including what support is needed to promote new investment; and

(b) notes that the national interest is best served by calling on states to unlock their domestic supplies of conventional gas.

Question negatived.

Farrell, Senator Donald

Senator IAN MACDONALD (Queensland) (12:28): I take a great deal of pleasure in moving this motion, as it recognises a very good colleague of mine, and I ask that general business notice of motion No. 386 relating to question time be taken as a formal motion.

The DEPUTY PRESIDENT: Is there any objection to this motion being taken as formal?

Opposition senators interjecting—

The DEPUTY PRESIDENT: There is an objection.

Senator BERNARDI (South Australia) (12:29): I seek leave to make a one-minute statement with regard to the motion that was stopped.

Leave not granted.

**Food Certification**

Senator HANSON (Queensland) (12:29): I move:

That the Senate—

(a) notes that:

(i) it has been more than 18 months since the Economics References Committee tabled its report entitled *Third party certification of food*, and

(ii) in a response to question on notice no. 438, asked on 29 March 2017, the Government has:

(A) acknowledged that it understood the importance of the recommendations of the inquiry, and

(B) admitted that it has given serious consideration to the inquiry’s recommendations and has committed to responding to these recommendations in due course; and

(b) calls on the Government to finalise its serious considerations and expedite implementation of the important recommendations in the report of the Economics References Committee on the inquiry into Australian food certification schemes and certifiers.
Senator SIEWERT (Western Australia—Australian Greens Whip) (12:30): I seek leave to move an amendment to Senator Hanson's motion, which would omit paragraph 1 and replace it with: 'rejects the comments made by Senator Hanson yesterday regarding students with autism, suggests Senator Hanson acquaint herself with the principles of inclusion, and calls on Senator Hanson to apologise for her remarks.'

Leave not granted.

Senator GALLAGHER (Australian Capital Territory—Manager of Opposition Business in the Senate) (12:30): I seek leave to make a short statement in relation to the original motion.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator GALLAGHER: The opposition believes the government should provide responses to the reports of Senate committee inquiries. Committee inquiries are a critical part of the work of the Senate. Government responses to committee reports are an important part of this process. Since 1978, successive governments have undertaken to respond to committee reports within a specified period, which is currently three months. It is not acceptable for any government to take over 18 months to respond to a Senate committee report. In supporting the important principle of governments providing responses to committee reports, the opposition is not making a judgement on the findings of the inquiry itself. Labor does not support Senator Hanson's view on halal food.

Senator BERNARDI (South Australia) (12:31): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator BERNARDI: I should remind the Senate that Senator Dastyari chaired this inquiry, which I initiated, and it was unanimously endorsed, as per the recommendations. It is all well and good for the Labor Party to distance themselves from the report now, but it was endorsed by their chairman. The second point I would like to make is that this report and the recommendations arising from it have actually travelled towards the cabinet. It was taken there by some people. In fact, the meat industry themselves were informed that there was a resolution on the books. But, unfortunately, this cabinet has squibbed it—they have squibbed finding a resolution and they have kicked it into the long grass. This is an indictment upon the process, because they are looking for certainty in the meat industry. It is about time they reported on it. It has been far too long, and I think Senator Hanson is quite right to bring it to the attention of this chamber again.


The ACTING DEPUTY PRESIDENT: Leave is granted for one minute.

Senator DI NATALE: The Greens will not be supporting this motion. I think Senator Hanson and Senator Bernardi should worry less about the eating habits of other Australians and more about the needs of our children in schools. We heard some of the most hateful, outrageous and disgraceful comments towards young children in schools who need additional support. Senator Hanson thinks they should not get that support. We have a situation—

Honourable senators interjecting—
The ACTING DEPUTY PRESIDENT: Order! Hold the clock. I remind senators that senators have the right to be heard in silence.

Senator DI NATALE: Regarding having children in schools who have special needs, it is not just important that those children are able to attend those schools; it is good for the other kids in the classroom, who learn that if we are in a civilised society where there is difference we should accept and celebrate that difference, because that is what makes us a decent society.

Senator HANSON (Queensland) (12:34): I seek leave to make a statement.

The ACTING DEPUTY PRESIDENT: Leave is granted for one minute.

Senator HANSON: The motion I have on the table here is to do with certification of our food. I think it is atrocious of the Greens to raise a totally different issue that has nothing to do with the motion that I am moving. They are grandstanding on this issue. Go back and watch the tape of what I said yesterday, and you will understand that I am actually trying to—

The DEPUTY PRESIDENT: Senator Hanson, please resume your seat. Thank you, senators. I remind you that senators have the right to be heard in silence. I ask that silence be observed. Thank you. Senator Hanson, please continue your remarks.

Senator HANSON: Thank you very much—

Honourable senators interjecting—

The DEPUTY PRESIDENT: Senator Hanson, please resume your seat. I just asked for order. I remind senators to respect what the chair is saying and to allow the senator to—

Senator Hanson-Young interjecting—

The PRESIDENT: Senator Hanson-Young! I asked that the senator be heard in silence. Thank you. Senator Hanson.

Senator HANSON: I am dealing here with the issue of certification of food and a recommendation that was brought down by the committee. Australians are waiting for this to be implemented.

Senator Sterle: You had a crack at kids with disabilities.

Senator HANSON: I will debate the issue to do with what I said yesterday with regard to autistic kids. I believe they need as much assistance and help as any other child in our education system. So let's deal with the issue—

Senator Sterle: If they've got a wheelchair they're not allowed in the schoolyard.

Senator HANSON: I will debate you at any time with regard to what I said yesterday—

(Time expired)

Senator Sterle interjecting—

The DEPUTY PRESIDENT: Order! Senator Sterle!

Senator XENOPHON (South Australia) (12:36): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator XENOPHON: Can I indicate on behalf of my colleagues that we support this motion. The unanimous recommendations of the Senate committee were, I believe, uncontroversial. I support halal and, indeed, kosher certification of food. These
recommendations were about greater transparency and clarity in certification. We think that the recommendations are uncontroversial and the government should respond accordingly.

Question agreed to.

Climate Change

Senator DI NATALE (Victoria—Leader of the Australian Greens) (12:36): I move:

(a) notes the:
   (i) obligation for parties to the Paris Agreement to consider the 'right to health' in the national climate change response; and
   (ii) substantial and growing body of evidence highlighting the public health risks posed by climate change;
(b) recognises the:
   (i) need to protect the health and wellbeing of present and future Australians from the health impacts of climate change,
   (ii) economic and health co-benefits from climate change mitigation and adaptation actions, including reduced air pollution and cases of related cardiovascular and respiratory disease and reduced exposure to extreme weather events, and
   (iii) release of the Framework for a National Strategy on Climate, Health and Well-being; and
(c) calls on the Government to implement policies that will simultaneously protect the health and well-being of Australians and combat the health impacts of climate change on the health of the Australian community.

Senator McGRATH (Queensland—Assistant Minister to the Prime Minister) (12:37): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator McGrath: Australia is playing its part in international action to respond to climate change. We have a strong record on our international targets and have ratified the Paris agreement. Our 2030 target under the Paris agreement is to reduce emissions by 26 to 28 per cent below 2005 levels by 2030. This is a strong, ambitious and responsible target that will see Australia's emissions per person halved, and it is among the largest of any major economy on this basis.

Question agreed to.

Western Australia: Queen's Birthday Honours

Senator SMITH (Western Australia—Deputy Government Whip in the Senate) (12:38): I, and also on behalf of Senator Reynolds, move:

That the Senate—

(a) congratulates the 39 worthy Western Australians who were recipients of the 2017 Queen's Birthday Honours for their outstanding achievement and service; and
(b) particularly notes the following recipients:
   (i) Professor Svend Peter Klinken, AC—for eminent service to medical research and biochemistry through seminal contributions to understanding the genetics of major diseases, and to the people of Western Australia through promoting the importance of science and innovation,
(ii) Mr Malcolm Charles Wauchope, AO—for distinguished service to public administration in Western Australia through leadership and advisory roles, to improved governance, public sector management and policy reform, and to the community,

(iii) Ms Elizabeth Jessie Carr, AM—for significant service to the community through voluntary contributions to the health, aged care, education and social services sectors,

(iv) Mrs Janice Ethel Pavlinovich, OAM—for service to people with a disability,

(v) Mr Geoffrey Alexander Hay, PSM—for outstanding public service in Western Australia, particularly in the areas of executive governance and community safety, and


Question agreed to.

Community Radio

Senator HINCH (Victoria) (12:38): I, and on behalf of Senators Ludlam, Xenophon and Lambie, move:

That the Senate—

(a) notes that:

(i) more than five million Australians listen to community radio in an average week,

(ii) the community radio audience comes from a diverse range of backgrounds and maintains a diverse range of interests,

(iii) community radio listeners are disproportionately more likely to identify as Indigenous, religious, LGBTIQ, from a culturally or linguistically-diverse background, or as living with a disability,

(iv) these interests are not adequately served by commercial radio, and

(v) the diverse range of voices that contribute to community radio are even more critical in a commercial environment, where diversity is impacted by increasingly consolidated media ownership structures; and

(b) calls on the Australian Government to:

(i) increase funding targeted for community digital radio, taking the Commonwealth contribution to $4.5 million per annum in 2018-19, and

(ii) commit to funding community radio at that level, indexed, on an ongoing basis.

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (12:39): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator McGrath: The government provides over $15 million in funding each year to support community radio, including base funding for digital radio of $2.28 million per annum. In this year's budget we provided $6.1 million of additional funding for community radio over two years, including $3.9 million over two years in additional funding for digital radio. We are always happy to examine propositions from colleagues to support media diversity.


The DEPUTY PRESIDENT: Leave is granted for one minute.
Senator GALLAGHER: Labor strongly supports the value of community radio to our nation and we have engaged with the Community Broadcasting Association of Australia in determining our position on this motion. I ask that the question be divided under standing order 84(3) so that the opposition can vote differently on parts (a) and (b) of the motion. Recognising the contribution of community radio to the diversity of our media environment and the service it provides to so many people around Australia, the opposition will be supporting part (a). As a party of government, Labor is unable to support making a future funding commitment through a motion in the Senate and will be opposing part (b). The opposition proposed an alternative form of words to call on the Australian government to adequately fund community digital radio that we could have supported and that would have been satisfactory to the Community Broadcasting Association of Australia, but we accept Senator Hinch's decision to proceed with the motion currently before the Senate.

The DEPUTY PRESIDENT: It is my intention to split the motion, as requested, into parts (a) and (b). I will put part (a) first. The question is that part (a) of motion No. 387 be agreed to.

Question agreed to.

The DEPUTY PRESIDENT: I will now move to part (b). The question now is that part (b) of motion No. 387 be agreed to.

Question agreed to.

Black Lung Disease

Senator WATERS (Queensland—Co-Deputy Leader of the Australian Greens) (12:41): I move:

That the Senate—

(a) acknowledges the findings of the Queensland Parliament's recent report, Black lung, white lies, detailing 'catastrophic failings' in public administration, including the detection of coal workers pneumoconiosis, or Black Lung disease, in 21 coal workers since 2015;

(b) condemns the failings across government and industry identified in the report;

(c) urges all stakeholders to adopt the 68 recommendations of the report to avoid further diagnoses of Black Lung disease in the future;

(d) recognises the strong advocacy of the CFMEU in relation to Black Lung in Queensland;

(e) notes that occupational lung diseases are estimated to kill 3 000 Australians every year, extending far beyond asbestosis, mesothelioma and Black Lung disease, often originating in non-unionised workplaces, such as stone-cutting and nail salons;

(f) notes the serious concerns raised by the Thoracic Society of Australia and New Zealand and Lung Foundation Australia with respect to the prevalence and management of occupationally-acquired lung disease, not only Black Lung, and the lack of a nationally coordinated system for reporting; and

(g) calls for the establishment of a national register for occupationally-acquired lung disease.

Senator McGRATH (Queensland—Assistant Minister to the Prime Minister) (12:41): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator McGRATH: The government does not support this motion. The diagnosis of black lung among coal workers is of utmost concern for all governments. We are all
committed to—and the community expects—the highest possible levels of work health and safety. State and territory governments regulate workers compensation and work health and safety for employees working within their jurisdictions and have their own regulators to monitor and enforce compliance. Even though the Commonwealth does not regulate mining safety, it continues to work with state and territory governments to protect workers' health and safety. The government notes that the recommendations of the Queensland parliament's report are directed at the Queensland government and the coalmining industry in Queensland. We await their response to the findings and recommendations.

Senator ROBERTS (Queensland) (12:42): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator ROBERTS: The affliction of black lung was all but stamped out as a result of the union movement 100 years ago and the regulatory powers of governments in our country, in European nations in particular and in the United States. Black lung is a very severe disease. However, its incidence right now is due to the abuse of regulations; it is not due to any inherent issue with regard to individuals. We know that, for example, smoking amongst coalminers increases black lung. Black lung is already being controlled effectively by regulations, and these must be adhered to by the CFMEU and by all miners and coal companies and— (Time expired)


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator DI NATALE: I would like to respond to the statements made by Senator Roberts. Senator Roberts, if a member of your family is sick, let's hope they get better medical advice than what you have just provided—

The DEPUTY PRESIDENT: Senator Di Natale, resume your seat. I remind you to direct your comments to the chair. Please continue.

Senator DI NATALE: Black lung disease, or pneumoconiosis, is a grave serious condition that leads to premature death. It is the result of unregulated workplaces where individuals are exposed to occupational hazards such as coal dust and silicosis. Let's be absolutely clear here: if there is a regime in place that involves appropriate screening, appropriate monitoring—things like spirometry—we can reduce the incidence of black lung disease and other lung diseases. What we have seen is systematic failure as a result of the lack of regulation imposed by state and federal governments, where individual workers are left to the whim of these large companies, which have no regard for the health of the workers. (Time expired)

Senator HANSON (Queensland) (12:45): I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave has been refused by another senator. The question is that motion No. 388, standing in the name of Senator Waters, be agreed to.

Question agreed to.

The DEPUTY PRESIDENT: It being 12:45 the debate is adjourned, as agreed earlier.
BILLS
Treasury Laws Amendment (2017 Measures No. 3) Bill 2017

First Reading
Bill received from the House of Representatives.

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (12:46): I move:
That this bill may proceed without formalities and be now read a first time.
Question agreed to.
Bills read a first time.

Second Reading
Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (12:46): 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—
TREASURY LAWS AMENDMENT (2017 MEASURES NO. 3) BILL 2017

This Bill is an administrative technical amendment to the Australian Securities and Investments Commission Act 2001 and the Corporations Act 2001. The Bill eliminates potential legal risks that have recently become apparent by validating certain past agreements that were made to employ or engage a small proportion of ASIC staff before the end of 9 March 2017.

From the commencement of this Bill, the validation of the agreements means that those affected staff will be taken to have always been valid staff members who were effectively delegated ASIC’s functions and powers.

These amendments address various administrative oversights including one that occurred in 1999. At that time, legislative changes shifted the power to employ or engage staff outside of the Public Service Act from ASIC itself to ASIC’s Chairperson. However, relevant delegation instruments were not updated to reflect this change.

ASIC only recently became aware of this oversight. Successive previous governments have not been aware of it. The irregularities only potentially affect a small proportion of ASIC staff employed outside of the Public Service Act.

The passage of this Bill ensures that previous actions taken by those ASIC staff will be effective. In turn this will remove any doubt about the validity of any sanctions that have otherwise been legitimately imposed on people; and any doubt about the effectiveness of the relief that ASIC has provided.

The amendments will have no impact on any current or former ASIC staff members beyond ensuring the validity of their employment and actions. The legislation maintains the status-quo, under which the Chairperson of ASIC has the ongoing ability to employ or engage staff members and for ASIC to delegate its powers and functions to them.

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

Senator Gallagher (Australian Capital Territory—Manager of Opposition Business in the Senate) (12:46): I rise to speak in support of the Treasury Laws Amendment (2017 Measures No. 3) Bill 2017 and its expeditious passage through the chamber. ASIC has
discovered that certain delegations being relied upon did not meet particular requirements under the ASIC Act, leading to a defect in the employment of staff and consultants, and legal uncertainty as to whether people employed by ASIC were lawfully entitled to exercise certain functions and powers. Those functions and powers include coercive powers, such as compelling the production of documents that may then have been used in evidence in court proceedings. So, a range of outcomes under those acts, and the other laws ASIC had administered, may be open to legal challenge.

The bill before us today is to validate certain agreements to employ or engage ASIC staff that were purportedly made before the end of 9 March 2017, and thus provide a legal basis for the exercise by affected staff members of delegated functions and powers of ASIC. The amendments also deal with the consequences are validating those agreements for the purposes of provisions of the Corporations Act, and the ASIC Act, dealing with the transition from the old Corporations and ASIC legislation.

It is important that the operations of our corporate markets and financial services regulator are beyond reproach. A properly well-functioning regulator ensures there is confidence that the financial system is operating properly for the benefit of all Australians. As I stated in my opening remarks, Labor supports this bill and will support its speedy passage through the Senate this morning.

Senator RYAN (Victoria—Special Minister of State and Minister Assisting the Prime Minister for Cabinet) (12:48): Given the motion passed yesterday and the understanding of the Senate in allowing this to be dealt with in this period of legislation, I will not add a great deal to the debate, other than to thank senators for their understanding. I commend the bill to the Senate.

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

Question agreed to.

Bill read a second time.

Third Reading

The ACTING DEPUTY PRESIDENT (Senator O'Sullivan) (12:49): 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—Special Minister of State and Minister Assisting the Prime Minister for Cabinet) (12:49): I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

Australian Education Amendment Bill 2017

In Committee

Consideration resumed.
The TEMPORARY CHAIR (Senator O'Sullivan) (12:50): The committee is considering the Australian Education Amendment Bill 2017. The question is that amendments (1) to (3) on sheet 8177, moved by Senator Hanson-Young, be agreed to.

Senator JACINTA COLLINS (Victoria) (12:50): Whilst we are dealing with Senator Hanson-Young's amendments to the government's amendments which would establish a schooling resource body, it may be useful if, as I did last night, I refer to elements of our subsequent amendments in relation to establishing a more independent student resourcing body and canvass a number of issues where the current arrangements here are not yet adequate. This will, of course, allow senators an opportunity between now and 4.30, when we are back again on this bill, to contemplate further improvements that could be achieved in relation to the establishment of this body.

The discussion last night covered issues such as its independence, which Labor believe is critical and which is dealt with in our amendments. Another issue is that it be tasked to do this review of the SES, quite clearly, which is dealt with in our proposal. Another suggestion last night, from Senator Bernardi, that it should address educational outcomes was, I believe, a very good suggestion, and if Senator Bernardi has not yet had the opportunity to look at couching that as an amendment then that is something Labor are prepared to address between now and when we return to this at 4.30.

The other suggestion was in relation to students with disability. There have been significant concerns raised about how this bill will deal with students with disability, and the circumstances there—and again we will probably come to this later in the day—are quite critical. We know that with only limited additional funds we are looking at doubling the number of students over which those funds will be distributed, and we have very little understanding of or information about how just picking up the current nationally consistent dataset will occur and what the impact may be on students already receiving support with respect to a disability.

Another issue that I have heard others comment on is how this relates to the NDIS. I think it is important that a schooling resource body be tasked with helping to develop the implementation of a nationally consistent dataset across students with disability and also with helping the implementation of the NDIS and the line that distinguishes how support is delivered to people with disability if those people are, indeed, school aged. It is a very sensitive area, because historically schools, particularly special schools, have provided a range of supports through their schooling arrangements and, as we move down the path of the implementation of the NDIS, the last thing we want to do is compromise the existing resourcing of students within schools. We want to develop a model that works consistently with the NDIS. So Labor would be open to considering an amendment here that would specify the work that should occur there for students with disability. With the goodwill of the senators here now, hopefully, these are issues that we may in the very limited time be able to deal with between now and when we return at 4:30.

Of course, that leads me to Labor's more ideal position, which is that we should not be addressing these issues under these circumstances. These are very important public policy issues where reviews that should have occurred have not occurred, reviews that should have been conducted under the National Education Reform Agreement have not occurred, the minister—possibly because he has been given far too broad responsibilities as the only
minister in his portfolio—has not got on top of these issues and now, for crass political reasons, we are being asked to shove this through the sausage factory. We should not be shoving this through the sausage factory. We should be very carefully considering these issues.

Unfortunately, it was the will of the Senate that the Senate committee's consideration of these factors was far more brief than it should have been. Labor at the time through selection of bills asked that a more appropriate amount of time be provided so that we could address the broad myriad of issues that are now, of course, coming up in this debate here. As I said last night, thank God for our Australian parliamentary system, because at the end of the day we know that these issues do come back to the floor of the Senate. Senator Xenophon understands, for example, that there are a broad range of complex issues—and I know the Greens do too—that need to be addressed before we set up a framework to apply under one version for 10 years. Parliamentary process and Senate scrutiny should not be occurring under these circumstances.

Sure, I understand the raw politics of this for the government. I understand that, once they believe they have the crossbench in the cart, they do not want to allow more time, because they might jump back out of the cart when further information becomes available. But this Senate committee process will be the opportunity for the opposition of the day to highlight what a dud arrangement this is in many respects.

Further to that, though, if at the end of the day we establish a schooling resource body and we set it up the right way, that will allow further scrutiny of some of these issues. But, as I mentioned to senators last night, we have crossbench senators coming onto the floor here and telling us things that are factually incorrect. This highlights the concerns when the government, failing to consult adequately, secretly convinces behind closed doors some crossbench senators that certain circumstances are so and then those senators come onto the floor here, attempting to justify their position, and do not even have the facts right.

Again, Minister, probably because your responsibilities are far too broad and Mr Turnbull did not give you any other executive support in your portfolio, you are not able to provide senators such as Senator Hanson-Young with the information she needs to justify her position. But the suggestion, quite apart from the discussion overnight about students with autism, that state governments do not provide funding to non-government schools is wrong. I went through some of the history of that, but I show that as one of the starkest examples of why we remain concerned that we still do not have your reply to the Senate's order for production of documents.

I understand only from your comments that it is just a letter, so I suspect it is just a letter which says, 'Nothing to see here.' If it says, 'Nothing to see here,' that is the problem in itself. The problem in itself is that you have not properly modelled the changes that you have proposed in this bill. If that is the case, it is incumbent on the Senate here to highlight that inadequacy. However, if you have argued a public interest immunity—that this information should not be available—then that of course is another issue that we should address, because why not? Why can the Senate not understand the impact of these changes that you are so determined to pursue?

And let me run through that determination in the remainder of the time I have here, because you are right, Senator: it is reckless. But let me run through that story. The story starts with
outrage that those rent-seeking Catholics could dare complain that what we learn now is $4.6 billion is being removed from their system. Your own senators in the past have run worse lines. But no: this minister here is happy to get up, presumably under the endorsement of Mr Turnbull, and call Catholic educators rent seekers. That is outrageous. But of course they have backflipped on that one now, because the government is out there peddling that what they said for so long was a special deal is not actually a special deal.

Overnight I ran through the details of how government at the time, when I was working with Minister Garrett on school education, responded to the Gonski report in a range of areas. I know I will again be criticised for focusing on just this one area. There will be others in this debate, but this one area is the one that highlights the worst—the extremes—of this minister's behaviour. So, the remainder of the story is that I have argued this consistently, I have demonstrated where his own department has done somersaults to try to protect its minister and failed—needed the furnish the Senate with corrections to the material it provided us—because his argument that the SES had been refined was blatantly untrue.

Now, this is not the only area where the minister has not come up with a correction to this chamber. He also said in question time the day before last that there was an increase in the share of funding for Catholic education, which is wrong. Even the PBO had already highlighted that that is not true. I understand that a minister who is responding to questions in question time might not, on the face of it, respond as clearly as perhaps he should. But I invited the minister to correct his answer, and he has again simply ignored that invitation. He has ignored my invitation, a call made as recently as this morning, to show the common courtesy of providing the senator who has requested it an order for the production of documents that this Senate endorsed. Contempt of the Senate is pretty much the issue here. He has refused still to provide me with a copy of that response.

We will—maybe—get to the tabling of documents, and that may be available to the Senate later today. But those who understand the vagaries of Senate process understand that we may never get to tabling, because of the hours motion that the crossbench and the government agreed to. So, accountability and scrutiny in this parliament have been affected by the hours arrangement that crossbench senators agreed to. The Senate cannot even see the response to its own order for the production of documents. If that is the minister's idea of how to protect what information he might have provided secretly, so be it—although a number of crossbench senators say, 'Well, actually there's nothing there; we haven't seen anything.' If that is the case, so be that, too. My job is to demonstrate that the minister has not adequately modelled the impact of his arrangements.

So let me ask, at the conclusion of these comments: what modelling has been done on the impact of the provisions that I was highlighting yesterday?

On page 11 of the bill, amendment (36), subsection 54(3), you are repealing the table. The table shows the current capacity to contribute arrangements for non-government primary schools. We discussed how Senator Back told us on the doors this morning that he was happy with the amendments, but what the minister still has not made clear is why Senator Back believes he has gotten the best he can out of this minister. I do not believe that he is even convinced that it is good enough. It is not a full moratorium. It is putting the cart before the horse if the government proceed with these amendments before the SES review has occurred. (Time expired)
Senator LAMBIE (Tasmania) (13:05): I have a few questions. First of all, I want to ask questions about the resource board. I was wondering if you could give me a little bit more detail on exactly what is going to be involved in that, how long that process is going to take and who will be involved in that process on the table, please, Minister.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (13:06): Senator Lambie, thank you for your question. The resource board is intended to be an ongoing entity under the legislation. In that sense, it is expected that it will always be there. It is expected that it will have representation from, and therefore the confidence of, the states and territories, the Catholic education system representatives and the independent school system representative bodies to make sure everyone has a seat at the table. But, importantly, there will be flexibility there in terms of the numbers of members, such that the government of the day will be able to make sure that there not only are representatives bringing particular stakeholder perspectives to the table but also is independence around that table as well, which I think is critical and essential, and the government would want to ensure that that is the case.

I also think it is critical that the combination of those nominated by the government and those nominated by the other stakeholders will be broadly representative of the community to make sure that we have, for example, younger people having their voices rightly heard through a process such as this so that, indeed, those who perhaps have a more contemporary understanding of life at school actually have a seat at the table as well. It is important, of course, that a clear understanding of those who have come from different walks of life will also be reflected there—especially people who understand that educational services in parts of our country have to confront a whole range of circumstances of disadvantage and challenge that not only are fixed in a school community but also require, of course, the engagement of the school community with the entire community, and people who understand how it is that the funding, the resourcing, the support and the actions within schools and their systems helps to support those communities who need it most.

We want to make sure that the recommendations, the process et cetera of this body will be transparent, which is why we have made sure that there are provisions in here for copies to be provided to all of the relevant stakeholder groups and for their reports and findings to be presented within the parliament so that they are public, for the world to see, and, therefore, governments of the day are held to account with regard to any recommendations contained in the reports of the body. The statement I have given already is that the first body of work it would undertake relates to the SES methodology and its interactions with the capacity to contribute arrangements. We have given a commitment that it will have a look at disability loading arrangements and the continued implementation of the NCCD—in particular the striking of those different loading levels across the three different categories for students with a disability to ensure that they are receiving the type of adjustment support necessary for their full participation in schools.

I think it is important to highlight as well that this body, over time, would clearly be undertaking work in terms of whether or not the types of loadings, the types of structures and the funding arrangements were actually getting and delivering improved outcomes in schools. I know that has been a topic of debate. We already have the review taking place through the second half of this year, identifying how funding should be used to achieve educational excellence in schools. That will inform the types of conditions that are set out in proposed
section 22(1) of the bill, where states and territories will enter into agreements around school reform to make sure that expert evidence around the implementation of school reforms is committed to by the states and that they then follow through on them.

Good examples, I guess, of where we want to ensure that commitments from the states are acted upon are the important issues of teacher quality, teacher training and so forth, on which we have existing agreements with all states and territories, through the COAG Education Council process, to enhance teacher training at our universities, to have primary school teachers undertaking subject specialisation and to ensure minimum standards in terms of the literacy and numeracy skills of teachers leaving university, getting registered and going into the classroom. I think it is only appropriate that we should expect the states and territories to be held to account to follow through on those sorts of things they have already agreed to do.

But, Senator Lambie, to come back to your question, I do think that it is essential in terms of the composition of the board that we make sure that, yes, there is suitable expertise and experience but also that it is suitably representative of the need across the Australian education landscape and is not, if I can put it this way, just the usual faces but ones that actually bring a degree of fresh perspective to these debates as well so that everybody can have confidence in the future that they are truly focused on student outcomes—what is best for kids and what is best in schools—not necessarily just the technicalities of funding formulas.

**Senator LAMBIE** (Tasmania) (13:12): I am still a little concerned about time frames. I have been here for nearly three years. I have seen recommendations come and go—and go on the shelf. That is where they go. This is what is bothering me. We are going to pull these people together. They are not going to be cheap, I imagine; they will have to be paid to be on a board. I want to know, when everybody comes to an agreement, whether the Liberal party is just going to sit there and ignore those recommendations. I know this is hypothetical, but let's face it: that is a pattern of behaviour in here. We are discussing disability funding and we are still not sure if there is going to be a shortfall. Now, if that is proven straight away, I want to know if you are going to implement that money within seven days and put it back into the system if you have got this wrong. They are the sorts of things I want to know, Minister.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (13:13): We will absolutely move as quickly as we can to appoint this board. We have given the commitment that the work on the SES methodology would be complete by the middle of next year and we have given the commitment that changes around that, should they be necessary, would be implemented in time for the 2019 school year. So it is absolutely the government's intention and commitment that, once we are in receipt of that report, we will act as quickly as we can to implement any findings of the reviews that would be undertaken by this body and make sure that, if adjustments to funding models are required, they are brought in as quickly as they can be and, equally, as fairly as they can be in terms of their impact on schools and systems, with sufficient notice ahead of each school year, and their funding arrangements.

**Senator JACINTA COLLINS** (Victoria) (13:13): The question that Senator Lambie asked that the minister has not responded to is: what is the budget allocation? It is not a hard question, Minister. Last night you took on notice my question about what the various calls would be on section 69A of the act. You told us that that is where the funding was going to
come for this mystery $50 million fund that seems to have assured Senator Back that that is the best he is going to get. But you still have not come back to us about what other calls there are on that provision, and now you have ignored Senator Lambie's question about what the budget allocation is for this resource body. I understand the game here. I know you can ignore my questions. Ultimately public scrutiny will hold you to account for that. But ignoring Senator Lambie's questions in the current circumstances, I find absolutely bizarre. Why would you ignore her quite valid questions about what the budget allocation for this body is? It is not a hard question. The department should be able to tell you the answer to that question.

While we are on that question, let's ask some further questions about the information you gave us last night on this $50 million fund we read about in the press. You told us that the estimate was $46.5 million to assure Senator Back that he would have a moratorium on the existing arrangements that apply to non-government schools. I highlighted last night that that was not the full monty. It was nowhere near the full monty. The $46.5 million is even less, far less, than what the estimate of that figure would have been back in 2013, when I was working with Minister Garrett on these issues. The only way I could understand to justify it—and, on our assessment of your amendments overnight, I think my fears have proven correct—is that you have failed to remove your changes to the capacity-to-contribute arrangements from this bill.

I am going to ask questions which will highlight for all those concerned in this debate that that really is what the fix is. The first question, Minister, is: what would that estimate be under the existing provisions in the act? If you were to preserve the system weighted average arrangements for non-government schools that have access to them—and let's add in those systems that you have possibly deliberately stalled as well while you were thinking about these savings—what would the estimate be then? My suspicion is that the estimate you have given Senator Back, and perhaps other crossbenchers, is based on the provisions in the bill that change the capacity-to-contribute formula in an arbitrary way with no policy justification at all and certainly no policy justification ahead of the review of the SES that is planned to occur.

Let us see what that difference is. The simplest way to highlight that is for the minister to answer the question: if we leave in place all of the funding arrangements that currently apply to non-government schools—the system weighted average, the capacity-to-contribute formula—what would that estimate be then? I would like to understand that change. I understand now it applies for only the 12 months, but what is the impact of that change, state by state? Tell me, as a senator for Victoria, what the change to the capacity-to-contribute formula will mean for Victorian non-government systemic schools. Tell Senator Lambie what your unilateral change to the capacity-to-contribute formula, with no policy justification, will mean for Tasmanian non-government systemic schools.

Do not try to pretend this is all just Catholic rent-seeking, because it is not. Most states have schools, such as Lutheran schools, operating in very poor rural communities. They have schools, such as Anglican schools and a range of low-fee accessible schools, serving the interests of educating disadvantaged students. Minister, you may not have had much exposure to these schools, but that is why the Gonski review made special arrangements for the non-government schools that are what we call sole providers. These are the schools that exist in
the Northern Territory—as an example—providing education to Indigenous kids. The Gonski review recommended that those schools receive full public funding.

The Gonski review then said there are other low-fee systemic schools that also deserve to be protected in ongoing funding arrangements—the sorts of schools that Senator Lambie has talked about from her own personal experience, the schools that are available to Australian families when their circumstances are down and out, the schools that not only provide access to education for those students but reside within a community parish environment that provides support and assistance to those families. These are the very schools that are compromised by your unilateral change to the capacity-to-contribute formula.

I am in a parish where the schools are further up the capacity-to-contribute curve. I am in a parish where, on the whole, the SES ranking would regard students as coming from families that could perhaps afford to pay a little bit more. But I have families from my own parish—as I said last night, I have had, for me, the unique experience of receiving emails from parents in my own parish who do not know me because I do not get an opportunity to participate as I might if I were not a federal member of parliament—lobbying me on this issue. And they are not talking about their own personal circumstances and capacity to contribute. They are talking about Senator Back's comments about their values and about co-responsibility. These families want to be there to assist others. Some of them want to pay fees higher than they might otherwise so that their school community can cross-subsidise the Australian families that, at that point in time, need that extra hand, need that extra help. This is what your unilateral change to the capacity-to-contribute formula is going to destroy unless you fix it.

I can ask the minister, till the cows come home, to quantify that impact, in order to display to the Australian public at large that the minister is failing to respond to legitimate questions about what that impact is and that he is failing to respond to a Senate order for production of documents that would allow us to understand what impact modelling might have occurred. To date, he has failed to do so. Indeed, the crossbench, in supporting him here, has failed to allow the Senate committee legislation process to do a proper review to scrutinise these changes. Perhaps, if I had been busier operating in a completely different portfolio area, he might have succeeded in hiding these issues.

Well, you cannot, Minister. This may have become, to use a phrase used by one of the witnesses that the government has been verballing in this process—I think it was Mr Pratt, from the principals, who eventually retreated to, 'This is just so wickedly complex,' and he is right—'wickedly complex'. What you have set up in this bill is wickedly complex, but, fortunately, some of us know enough about this very complex issue to be able to expose what the real deal is.

The minister might like to say that Catholic parents are whingeing, Catholic educators are scaremongering and the Catholic education system is rent seeking—very, very sad behaviour from this government—but the facts will speak for themselves. And if, at the end of the day, you manage to convince the crossbench that they should support this stuff then ultimately their behaviour will be exposed too, because it will be on the record, even if the minister persists in not answering the question, which, on the whole, probably about 80 per cent of the time, has been his response so far.

If the minister needs more time to answer these questions about the capacity-to-contribute formula then let's allow that time. His own department's submission to the legislation inquiry
indicated that, in terms of timing, this could be dealt with in the first few weeks of next session. I do not know what the political imperative, which Senator Birmingham has convinced the crossbench of, is, other than the raw politics of what has been occurring in the media overnight. In advance of any vote here, the Prime Minister has had a win, and maybe he has managed to shore up his leadership. Then again some of the other commentators are highlighting that this is such a dog's breakfast and such a bad deal that it is going to come back to bite them. I agree: this will, if it is passed, come back to bite the government, the crossbench and indeed the National Party, for just rolling into this. I am appalled that the deputy leader, Barnaby Joyce, of all people in the cabinet, has allowed this to occur. In this place, Senator Canavan, also in cabinet, has allowed this to occur. This is appalling. I have heard other cabinet ministers described as having said: 'Oh, I was not there at the time.' That excuse is just not credible. It is not credible at all. We know these matters were considered by cabinet over many months. It would be irresponsible and—to pick up Senator McAllister's point before—quite reckless for any minister to suggest to his constituents: 'No, I am not responsible for this. It is all too late. There is nothing I can do.'

Senator Williams implied a moment ago in an interjection that there were not any questions. There were questions. The minister has them and he is not answering them, and that is what I am reflecting on at the moment. I have asked for the state-by-state impact of this 12-month moratorium. I have asked what that impact would be, unlike the dodgy figures he provided us yesterday, were we to—as an amendment that we are moving subsequently—retain the existing capacity to contribute provisions in the act. In the remainder of my time here, let me make clear to people what those provisions do. Last night, I was referring to the Gonski review and the advice that it gave government about how to shape the capacity-to-contribute arrangements. The factors they referred to there were quite important. We had to balance those arrangements so that they allowed schools of all different types of characters to continue to operate, in particular, low-fee, systemic, non-government schools, because this panel understood how education is currently being delivered. It is those schools that are compromised by the unilateral shift the minister has made.

We had the department at one point suggest—to give Mr Cook credit, we clarified this point later—that there is nothing in this bill that deals with fees. Capacity to contribute is a hard concept to get your head around. The Gonski review described it as the 'anticipated private contribution'. The anticipated private contribution is essentially the fees you would expect parents to pay. What this government is doing under the provisions in the bill is unilaterally changing that assessment. I have a range of questions, Minister, about the impact of the shift of that curve at the various levels of the SES. (Time expired)

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (13:29): I will resist the temptation to waste the committee's time by responding to all of Senator Collins's verballing and unsubstantiated claims and otherwise. But I will very quickly deal with a couple of her questions. I am not quite sure Senator Lambie did specifically ask this, but I am more than happy to say that the four-year budget entitlement or cost for the National Schools Resourcing Board is $7.2 million, providing funding to ensure that the board has sufficient resources to commission data, modelling and expert work as it sees fit. While Senator Lambie is not here, we will make sure that her office is alerted to those figures, should she wish to know them.
Senator Collins also asked, in relation to the measures we were discussing with Senator Back last night, for a state-by-state breakdown of the funding provision to provide equivalence of the maintenance of system weighted averaging for systems next year: for New South Wales it is $10.5 million for the Catholic system and $0.5 million for independent school systems; for Victoria it is $9.2 million for the Catholic system and $2.4 million for independent systems; for Queensland it is $7.5 million for the Catholic system and $0.9 million for independent systems; for South Australia it is $2.5 million for the Catholic system and $1.5 million for independent systems; for Western Australia it is $2.5 million for the Catholic system; for Tasmania it is $0.8 million for the Catholic system; for the ACT it is $5 million for the Catholic system and $3 million for the independent systems; and for the Northern Territory it is $0.2 million for the Catholic system—totalling the estimate of $46.5 million that I indicated last night to the committee. Of course, as I indicated last night, it is an estimate and is subject to enrolment numbers and such other normal factors.

In terms of the other modelling that the senator has asked for: I am not aware that there is modelling of the precise nature that she wants. What the department has produced, and which has been provided at Senate estimates and elsewhere, is modelling that demonstrates all of the integrated changes, whether they be changes to the capacity-to-contribute arrangements, changes to indexation, the shifting of systems in schools to receiving, over time, a common share of the schooling resource standard, the needs based funding arrangement—all of those are integrated changes. They all of course impact upon one another in different ways. That is what provides us with the different funding that has already been tabled in relation to funding for different systems.

Senator JACINTA COLLINS (Victoria) (13:32): I will be brief, Senator Hanson-Young, on this point, because the minister has not answered the critical question here, which I think I asked three times, and that is: what would those estimates be if they were calculated under the existing provisions in the act for the capacity to contribute? You have given me the figures, which in our understanding we are pretty clear relate to, as you have said, the integration of a range of other factors. But my question is—

Senator Birmingham: It depends on all the other factors.

Senator JACINTA COLLINS: Exactly! It does. That is why I am asking this question. I will ask it for the fourth time. The question is: if we accepted Labor's amendment to maintain the existing capacity-to-contribute arrangements in the act then what would those estimates be? That is the only way we can highlight exactly what this minister is doing. He is still gaining savings by shifting the existing arrangements. In the past he has explained them as special deals. I have explained, I think quite clearly to the chamber, why they were structured in the way they were at the time. I do not believe they were special deals. I understand the policy justification for why the existing formula is in the act. You are asking us to change that formula. I am asking you to quantify the impact of that change rather than just try and hide it in these integrated factors. If the department needs more time to go away to answer that question then that is fine—we will be back here at 4.30—but a non-answer is not adequate.

Senator HANSON-YOUNG (South Australia) (13:33): I just want to draw the chamber's attention to the issue before us, which is an amendment I moved last night in relation to the establishment of the independent resources body. I have subsequently circulated a secondary amendment to that amendment, after discussions with the government and others. I just want...
to draw senators' attention to the fact that that has been circulated. We heard from the minister last night that the government was willing to accept points (1) and (2) of my first amendment on sheet 8177. I would like to draw the chamber's attention to the amendment to that amendment on sheet 8179. This point goes to the naming and shaming powers of an independent resources body. We need the ability for an independent body to shine a light on what is going on.

We have just agreed, through over eight weeks of a very heated debate in relation to schools funding, that there needs to be an injection of money into our public, independent and various other school systems. We want that money to be spent on a needs basis. I think all of us, across all sides, regardless of what political colours we wear, have come to a point—and this is one of the things we should reflect on in a positive light at the end of this debate, hopefully sometime this evening—where all sides are now committed to spending government money on a needs basis. That is, schools that are in need of extra money and support get it; students who need extra money because of various loadings get it; and we ensure that public money is being spent in the best way in order to get educational outcomes, and that means helping to lift those schools that are below their resource standard up faster and quicker.

If we agree that needs based funding is the principle, we must put in place the ability to ensure that that is what is going on. If we are going to hand a cheque to a school system, hand a cheque from the federal government to a state or a territory, then this chamber has a responsibility to make sure that the money gets spent in the way we have asked for. We need to make sure that there is public transparency. A lot of the debate that has been carried out over the last couple of weeks and months in relation to this funding issue has been about the immense lack of transparency that surrounds the spending of public money throughout our various school systems.

We want to make sure that transparency is at the heart of the distribution of funds. The minister has previously spoken—we have heard him many times, I would almost suggest ad nauseam—over and over again about 27 different deals, which means that it is difficult, impossible, to understand really how that money is being spent and why and on what basis. They are getting rid of the 27 different deals—okay; that is step 1. Step 2 is to make sure that we know how that money is being spent. If you want money to go to the poorest schools, let us make sure that it happens.

We know there are schools in all of our states, whether they are in the private school systems or the public school systems, that get more money than others. We know that state governments tend to prop up their most prestigious state governments at the expense of those in poorer and less affluent suburbs. That is the truth. State governments and territory governments will not want to admit it, but that is what happens. We have seen it happen for decades. In the Catholic school system we have seen poorer Catholic schools lose out at the expense of money going towards more wealthy Catholic schools. We have seen issues of lack of transparency and openness in the independent school sector. This is Australian taxpayers' money. They deserve to know how it is being spent, when it is being spent and whether it is being spent in line not just with the expectations of the parliament but also of the goodwill of the taxpayer.
It is hard to argue against needs based funding. It is impossible to argue against it if you actually believe in investing in education and that education is the most fundamental foundation of giving every Australian child the best opportunity to thrive and be able to achieve. If we believe needs based funding is an important principle, we must give the power to this body to report that that is what is going on—or, indeed, report that it is not. We should not be afraid to give an independent body like this the power to name and shame. If the government is not prepared to do that, I call into question whether they really want transparency at all. We have been talking about this for months. David Gonski and the original Gonski panel advocated this strongly. Let's put in place a body that actually shines a light, acts as a watchdog and ensures that the enormous amount of money that is about to flow to our public and private school sectors is spent where it needs to be spent.

Senator JACINTA COLLINS (Victoria) (13:41): I will respond in part to Senator Hanson-Young's points here, which perhaps warrant some thought depending on whether these particular amendments succeed. As I said earlier, Labor has its own amendments but we are open to improving those if this one does not succeed. We still are concerned about the lack of independence of this body. The points that Senator Hanson Young has made here are quite critical. If the body is not independent, we risk returning to things like the fantasy figures that the department has published—and that is to know is advantage. I agree with Senator Hanson-Young that transparency is important, but it needs to be well-informed transparency.

I am sure Senator Hanson-Young appreciates what some people looking at the information that might be available do not necessarily understand. For example, across any school system, public or private, the most significant cost factor is teachers wages, so school budgets are often the captive of the composition of their teaching staff. For schools in the nice leafy suburbs of Melbourne or Sydney, whose teachers are quite happy and comfortable teaching in that environment and have been doing so for decades, the wage costs are different compared to the issues facing schools in more disadvantaged urban areas or in regional and remote areas. That is not to say that that factor alone should mean that those schools should continue to be able to capture, by virtue of student-teacher ratios or other formulas that systems might apply, the larger amounts of funding.

That is why a composite review of those issues is important for any school system. That is what informed the process that the Gillard government went down—in fact, it was the first Rudd government—with the national partnerships for school funding. What the government said at that time was that we had to find a mechanism, running across these other factors that operate in how schools are funded, to get more money to the areas where we know that money will make a difference. I was incredibly privileged in government. One of my roles was to visit the best-practice versions of those national partnerships and see what a difference that additional funding was able to make in many disadvantaged Australians schools.

In that case, the Commonwealth rather than any particular individual school system used the approach of saying, 'All right, if we just use the basic accounting arrangement about how to distribute funds we are still not going to get the money where we know it will make a difference; we need to look at other funding mechanisms than just this minister's one-size-fits-all approach to target disadvantage.' That is what those national partnerships did. They targeted disadvantage.
It was that policy work that then informed the development of the Gonski loadings. But of course we have not reviewed those loadings to see how effectively the settings of those loadings currently work. Senator Hanson-Young, those loadings were part of that design feature to overcome the basic accounting assessments of how funding for schools should be distributed across schools and systems. If we just rely on the factors around the number of students, the number of teachers and the wage cost of those teachers, who will quite naturally prefer live in, stay in and teach in more comfortable environments, then we are not going to get the resources to the schools we know we need to.

Sure, you can pick up Senator Back's concerns about co-responsibility and systemic concerns about co-responsibility and do some things that way, but what Gonski 1 did was attempt to draw that into the funding formula itself. What Senator Hanson-Young is quite legitimately saying is that schools and systems need to be accountable for how they are following that formula. As I mentioned before, there will be factors in individual schools or individual localities that involve quite legitimate reasons for why one school will not be funded exactly as per the formula, which is why I asked the minister questions in relation to accountability factors that we have already addressed in amendments to the bill. But an independent, well-resourced student resourcing body that will allow for properly informed accountability on these issues is important. We need that debate to be well informed. We need people who understand how these arrangements work and can make competent recommendations about how these issues can be addressed or, indeed, about how change can sensibly be achieved.

We have seen discussion during the debate on this bill and in the committee process on different views about how different systems have responded to Gonski 1. I have been pleased to see that there obviously has at least been some response to the issue that systems need to rethink and not be bound by these narrow accounting formulas about how these funds should be distributed. I say, 'Hear, hear!' on that point. I am with you, Senator Hanson-Young, on the need for systems to continue to be accountable. I understand too the point that you have made, which is that the government system also directs funding to more prestigious public schools in ways that need to be addressed. You are right, Senator Hanson-Young—we do need to get the funding to the most disadvantaged schools if we are ever going to achieve a difference in our educational outcomes.

The concerning thing is that Gonski 1 set up some settings to try to shift systemic thinking about some of these things—and some systems have done better than others historically on these factors—but we have never reviewed the settings. The process that was established in the national education reform agreement was not reviewed because this government was lazy. Sure, you can say responsibility shifted from Christopher Pyne to Senator Birmingham, but that is really not an excuse. It is not an excuse because this minister has been in this portfolio long enough to have received advice long ago on the consequences of these matters not having been addressed.

My understanding is he received information in relation to the SES and its need for review 12 months ago, and yet now he sits in this Senate and now we have to spend many hours fighting this issue when a competent minister would have responded to this issue 12 months ago and saved the Senate the time and occupation that has been required to ensure that that matter has properly been addressed.
But I am still a long way from convinced that it has been competently addressed. The minister has not even taken up my invitation to use the time available between now and when we return to this bill to come back with the information about what would be the estimate of the amount involved in this fund to deal with the system-weighted average if it were calculated on the current provisions in the bill. So I will return to that issue now and highlight for the Senate—and the Nationals here groan because they do not like being held accountable for their poor behaviour in cabinet—

Senator Williams interjecting—

Senator JACINTA COLLINS: We are on the issue. We are very much on the issue. To help Senator Williams, who is not really following this debate: I am on page 11 of the bill.

Senator Williams: I find you boring.

Senator JACINTA COLLINS: I am more than happy for you to find me boring. Page 11 of the bill sets out the new settings of capacity to contribute, but let me highlight for those senators listening to this the differences that are involved here and why we know the impact is much bigger than the $50 million that Senator Birmingham has very reluctantly come forward with.

Let's have a look at item 8. Where the measure for capacity to contribute for a school with an SES score of 100 was 12, it rises to 16. It is currently in the act 12 per cent. This minister has unilaterally said we should lift that up to 16 per cent without assessing the impact and, indeed, without reviewing the SES, quite contrary to the Gonski review.

Senator Williams: Do you have questions?

Senator JACINTA COLLINS: Yes, Senator Williams, I have yet another question on this, which is: what impact assessment has occurred of this unilateral change? Are you seriously telling us, minister, you have proposed this change with no impact assessment? Is that what you are saying? Are you saying that the department did not give you advice of what the impact of that change would be? It would be incredulous for you to be here and to say there is nothing available to assure this Senate that the government has competently assessed that impact. That is ludicrous.

Let me run to point 9.

The TEMPORARY CHAIR (Senator Marshall): Could you resume your seat, Senator Collins. Senator Xenophon on a point of order?

Senator Xenophon: Firstly, I never find Senator Collins boring. I think it shows you how on top of her brief she is in terms of these matters. But my point of order is this: we are currently debating amendments moved by Senator Hanson-Young, and I would be grateful if Senator Collins could address those amendments. I do want to speak in relation to those amendment whenever I get the call and I understand that Senator Collins has another three minutes and seven seconds. I just make that point of order gently and respectfully.

The TEMPORARY CHAIR: Senator Collins, you have the call.

Senator JACINTA COLLINS: Thank you, Senator Xenophon. You have not been here the whole time that I have been making this point, but I am happy to be very brief on it. The point is that, yes, we agree with the sentiment here—that a body like this is required to take the politics out of this process—but at the same time I am making the point that a body such
as this can help us understand the impact that this government is not providing. The impact that the minister is not providing is, for example, the increase for a school on an SES score of 101—a primary school—which is estimated at 13.5 per cent, as is currently the case, and rising to 17.9 per cent. These are the Catholic systemic schools. They are on an average of 101, but the crossbench has been hoodwinked that the minister's changes fix the problem. They do not. There is roughly a five per cent increase in the estimate of what fees parents should pay.

Senator XENOPHON (South Australia) (13:54): As I understand it, what is before the chamber are amendments (1) and (2) on sheet 8177 moved by Senator Hanson-Young on behalf of the Australian Greens, and also amendment (1) on sheet 8179, and that Senator Hanson-Young is not proceeding with amendment 3) on sheet 8177, which relates to government amendment (7) at item 106. My understanding, very clearly, is that the first two amendments on sheet 8177 relate to the National School Resourcing Board and that there must be an independent review annually, but that Senator Hanson-Young has substituted amendment (3) on sheet 8177, so the issue of the reviews is the issue that it addresses, rather than requiring the publication of information.

I think that gives more discretion and does not force information to be published. I thought that was a more sensible amendment in the context of this. Can I say, on behalf of my colleagues, that we support these amendments. We think that the first two amendments may be redundant in light of proposed section 22A and proposed amendments to section 78 of the act, but I do not think there is any problem in it being restated in respect of that. We think that these are sensible in terms of transparency and how the funding is distributed, and also in relation to measuring improved educational outcomes for students against the rate of school funding. These are good transparency measures and I and my colleagues will support them. I will not speak any longer because I understand that my colleague Senator Lambie may have something to say about it.

The TEMPORARY CHAIR (Senator Marshall): Just to clarify the proposition you have put to the chamber, the question before the chair is in fact amendments (1) to (3) on sheet 8177.

Senator XENOPHON (South Australia) (13:57): I will seek your wise guidance, Mr Acting Chair, but would it be more appropriate for the amendments to be split so that amendments (1) and (2) be put and amendment (3) be put separately, if at all? Is that correct?

The TEMPORARY CHAIR: Those amendments are effectively amending amendment (7) of the government's amendments. I would have to take some advice on whether separating those three amendments has the same impact of amending the government's amendment (7). By the time we get to that we will have an answer for you.

Senator LAMBIE (Tasmania) (13:57): I will be supporting these amendments. The board has not been worked out. There is nothing locked in. I believe that while we are paying all this money to have a board, they can extend themselves right across. I believe that this is a safety net and it has been done very, very well. Whether or not it has the authority—it should have the authority and it should have full authority. If we are going to invest money into this board it should have the authority and the safety nets put in place that are required. Otherwise it is going to be a wasted board. So whatever safety precautions it takes and whatever more we
have to put on them to examine, the better. That is what we are paying them for. So I will be supporting these amendments.

Senator BERNARDI (South Australia) (13:58): I want to put on the record that I appreciate the Greens heeding my words from last night and incorporating the educational outcomes into this amendment. I have a single concern, which Senator Hanson-Young may be able to answer in the next 30 seconds. Have you done any estimates of the cost of this sort of review?

Senator HANSON-YOUNG (South Australia) (13:59): This is simply giving the power to the board being created by the government to let the public know what is going to do—that it can publish the information.

Senator BERNARDI (South Australia) (13:59): Can I confirm there is no additional cost attached to this? You might want to put that on the Hansard record.

Senator HANSON-YOUNG (South Australia) (13:59): There is no additional cost.

The TEMPORARY CHAIR: It being 2 pm, the committee will report progress.

Progress reported.

QUESTIONS WITHOUT NOTICE
Education

Senator WATT (Queensland) (14:00): My question is to the Minister for Education and Training, Senator Birmingham. Yesterday Senator Hanson told the Senate that students living with a disability or diagnosed with autism 'are taking up the teacher's time' in the classroom and should 'go into a special classroom'. So far the minister has been silent. Why is the minister refusing to repudiate Senator Hanson's offensive and discriminatory comments?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:00): I dealt with some questions on this matter last night in the Senate committee stage—

Senator WONG: It is question time now.

Senator BIRMINGHAM: It is question time now, Senator Wong—you are absolutely correct. It is question time now, and if you did not interject we might actually have the chance to address the question. The government has put forward proposals that absolutely enhance support for the inclusivity of all children in education according to the national disability standards that have been developed under the Human Rights Act.

The PRESIDENT: Pause the clock. Senator Wong, on a point of order?

Senator Wong: The point of order is on direct relevance. This is an important issue and there are many families around Australia who would like to see this minister do the right thing. There was one question and one question only: why is the minister refusing to repudiate Senator Hanson's offensive and discriminatory comments? That is the only question he was asked.

The PRESIDENT: The minister did indicate, in response to the question, that he had answered questions about this last night in the chamber. Also, the minister was only a short way into his answer and I think we have to be fair to the minister. He was on topic.

Senator BIRMINGHAM: Thanks, Mr President. I was making clear the government's commitment to inclusive education for all students with a disability and to ensuring that that
inclusive education is supported, as it ought to be, according to the particular needs of those students. The point of the reforms the government has brought to this parliament, which those opposite are opposing, is to provide differentiated levels of support according to the different levels of adjustment assistance all students with disability may require in their education.

The PRESIDENT: Pause the clock. Senator Cameron, on a point of order?

Senator Cameron: Yes, Mr President, on relevance. We are now halfway through the time to respond. There was one question: why is the minister refusing to repudiate Senator Hanson's offensive and discriminatory comments? He should be drawn back to the question.

The PRESIDENT: I will remind the minister of the question.

Senator BIRMINGHAM: My job, as the minister for education, is to make sure we uphold the disability standards that are in place. My job as minister for education is to make sure that in upholding those disability standards we put in place support for students with disability. We are doing the right thing by putting in place support for students with disability, which those opposite are of course voting against.

The PRESIDENT: Pause the clock. On a point of order, Senator Gallagher?

Senator Gallagher: Thank you, on direct relevance. The minister is ignoring your direction and is for some unexplained reason avoiding answering the question, which was about Senator Hanson's offensive and discriminatory comments, not the reform package that the Senate is currently debating. He should be drawn back to the question at hand.

The PRESIDENT: The minister in response after the last point of order indicated what his responsibilities as a minister are in relation to this topic. If you look at the question asking why the minister is refusing to repudiate, that could be regarded as an answer directly relevant to the question that was asked.

Senator BIRMINGHAM: It is our job to do the right thing by students with disability around Australia and support their families. Putting in place differentiated loadings ensures that the greatest degree of support goes to the students who need it. It ensures that they get the greatest assistance around the country. That indeed is exactly what we are doing. Those opposite have the gall to come into this chamber and criticise the government and vote against legislation that will put in place more support for students with disability—

The PRESIDENT: Senator Cameron, on a point of order?

Senator Cameron: Again, it is on relevance. There was one question, and that was about the minister refusing to repudiate. He has ignored it again. He should just repudiate this outrageous slur by Senator Hanson. Just repudiate it!

The PRESIDENT: You have made your point of order, Senator Cameron. On my right! In relation to the point of order, I reiterate that the question was, 'Why is the minister refusing to repudiate Senator Hanson's remarks?' The minister has gone to answering that question by indicating what his role as a minister is. We can take that as an answer. The minister is in order. Minister, have you concluded your remarks?

Senator BIRMINGHAM: Yes.

The PRESIDENT: Senator Watt, a supplementary question.

Senator WATT (Queensland) (14:05): I note the minister's shameful failure to repudiate Senator Hanson's offensive remarks, and I am very disappointed by his answer to that
question. My supplementary question: the chief executive of Autism Awareness Australia, Ms Nicole Rogerson, has labelled Senator Hanson's statements as 'dangerous and archaic'. Will the minister now join with Ms Rogerson and condemn those comments? Is she correct?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:05): What I will do is stand up for ensuring the support is there in the classroom for students with disability, including students who may have autism. I will stand up for the support for them and their families and ensure that that is the type of differentiated support that they deserve, recognising of course that each of their cases is unique and different. Our changes, by applying the nationally consistent definition of students with a disability, will help 470,000 students around the country receive support. Current arrangements, which the Labor Party are voting to keep, only assist 212,000 students, so I will tell you what is shameful. What a shameful is the hypocrisy of the Labor Party coming into this place, pleading for students with disability, but then voting against additional support for 258,000 students with disability. That is what is shameful: the hypocrisy of those opposite who will not do the right thing to help deliver the support to the students who need it most. (Time expired)

Senator WATT (Queensland) (14:07): I note that, between my questions and the points of order, the minister has now had about six opportunities to repudiate Senator Hanson's remarks and has failed to do so. So I now give him one further opportunity. Will the minister now finally repudiate Senator Hanson's statements, or is he too worried about losing her vote to stand by students with disability?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:07): I am pleased that there appears to be enough people in this chamber willing to deliver more support for more students with disability into the future. Those opposite seem hell-bent on opposing the additional assistance that students with disability deserve. Those opposite want to vote against a 5.9 per cent growth rate in support for students with a disability—

The PRESIDENT: Pause the clock. Order, Minister. Senator Wong, point of order.

Senator Wong: He can keep avoiding this, but it is plain for all to see. I make a point of order on direct relevance. He was asked a direct question about whether he will now repudiate the comments.

The PRESIDENT: He was asked two questions. Minister, I remind you of the questions. You have 37 seconds in which to answer.

Senator BIRMINGHAM: As I have said right through these answers, our job—and what we are doing as a government—is to deliver the support that students with a disability deserve. That is going to increase support to more families and more students in more schools and deliver the greatest levels of support to those who are in greatest need. That is something that we should all be very proud of in this place. That is something that we should all be supporting and doing, and those opposite should get on board and support that as well.

DISTINGUISHED VISITORS

The PRESIDENT (14:08): Before I call on the next question, could I draw to the attention of honourable senators the presence, in the President's gallery, of a delegation of parliamentarians from India. Welcome to the Senate.
Honourable senators: Hear, hear!

QUESTIONS WITHOUT NOTICE

Trade Unions

Senator PATTERSON (Victoria) (14:09): My question is to the Minister for Employment, Senator Cash. Can the minister update the Senate on any developments relating to the recent disgraceful threats made against Commonwealth public servants?

Senator CASH (Western Australia—Minister Assisting the Prime Minister for the Public Service, Minister for Employment and Minister for Women) (14:09): Yes, I can; and, given the public outpouring of disgust at the threats made to mums, dads and their kids by the CFMEU's John Setka at the rally held in Melbourne on Tuesday, is very interesting that Mr Setka is now trying to pretend that he did not make any threats against the ABCC inspectors. It is unfortunate for Mr Setka, though, that he has a long history of criminal violence and making vile threats against anyone who does not agree with him or who does not do as he wishes, as do, unfortunately, many other officials in the CFMEU. Hence, senators will not be surprised that the CFMEU itself has dismissed the threats made by Mr Setka, suggesting that, colleagues, they were just off-hand comments or maybe just hyperbole. It is a very strange type of hyperbole given Mr Setka's track record. Let's go through it. Was it hyperbole when Mr Setka was convicted of assaulting a police officer? I would not have thought so. Was it hyperbole when Mr Setka—this is actually disgusting—told an employer that he hoped he would die of his cancer? Yes, that is the type of person Mr Setka is. Was it hyperbole when Mr Setka was arrested and charged with blackmailing Boral? Was it hyperbole when a CFMEU official menacingly told workers on a Gold Coast site: 'I know your phone number. I know where you live.' Was it hyperbole when a CFMEU member called an ABCC inspector and threatened her with gang rape? That's a funny type of hyperbole!

The PRESIDENT: Senator Paterson, a supplementary question.

Senator PATTERSON (Victoria) (14:11): Can the minister further update the Senate on individual responses to Mr Setka's latest threats against Commonwealth public servants?

Senator CASH (Western Australia—Minister Assisting the Prime Minister for the Public Service, Minister for Employment and Minister for Women) (14:11): It continues to astound not only those on this side of the chamber but also based on all the comments I am reading online and on talkback radio that the current Leader of the Opposition, Mr Bill Shorten, has failed to sever ties with the CFMEU and with Mr Setka. But, unfortunately, as it has been pointed out, we all know why: they hold Labor's purse strings, and when you hold the purse strings you get to tell them what to do. In terms of doing the right thing, colleagues, when the member for Watson, Mr Tony Burke, was asked this morning if John Setka should be removed from his position at the CFMEU, he tried to avoid the question not once, not twice, not three times, not four times, not five times, not six times and not seven time but eight times saying, 'I do not necessarily have a fixed view on that.' (Time expired)

The PRESIDENT: Senator Paterson, a final supplementary question.

Senator PATTERSON (Victoria) (14:12): Minister, how can all parliamentarians ensure that they fully distance themselves from or even repudiate such appalling behaviour?
Senator CASH (Western Australia—Minister Assisting the Prime Minister for the Public Service, Minister for Employment and Minister for Women) (14:13): They can stop making excuses like the current Leader of the Opposition and the Premier of Victoria, who have played down Mr Setka's comments, pretending they are not an issue, and basically indicating that we do not need to worry because—colleagues, I note—‘union boys will be union boys’. That is an absolute disgrace. Mr Shorten, quite frankly, needs to be a little more like Anthony Albanese and show a bit of spine and disassociate from the CFMEU. They need to stop taking the money, the millions of dollars that the CFMEU provides to them. More importantly, however, they cannot continue to stand up and pretend to be appalled by these comments and then quite literally turn their backs on everything else that is happening. They want to pretend this is not an issue, but given the track record of the millions of dollars donated by the CFMEU to the Labor Party—(Time expired)

Schools

Senator CAROL BROWN (Tasmania) (14:14): My question is to the Minister for Education and Training, Senator Birmingham. Given that under the minister's education package 85 per cent of public schools will not reach a fair level of funding within the decade, isn't it clear that he is selling a dud deal, an unfair deal, that will leave students in our most vulnerable communities worse off?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:14): It is very clear that, under the Turnbull government's additional investment of at least $18.6 billion into schools across the country, indeed every public school across Australia will within a decade be funded by the Commonwealth under a needs based formula to exactly the same standard and level. That of course is the entire intent of the types of reforms that we are bringing forward: to make sure that the Gonski principles of needs based funding are applied consistently by the federal government across every government school right around the country regardless of differences from one state to another.

That is a really important element of this reform, because it is about ensuring that those senators from Western Australia, for example, do not end up continuing to get a dud deal relative to those senators and their constituents from the state of New South Wales, for example, which is what the Labor Party did. They signed different deals—27 different arrangements right across the country—and in doing so put in place a whole raft of inconsistencies, whereas what we are proposing is a steady transition that will ensure the same share of a needs based formula based on the Gonski recommendations is delivered to every state and territory across the country.

That is about delivering fairness and equity and indeed ensuring that those states and territories who have the primary responsibility in relation to funding of schools are then held to account, not able to continually shove it back onto the Commonwealth. It is about ensuring that those states are not able to take increased Commonwealth funding with one hand and pocket it with the other to ensure there is not additional support for schools. Where we are putting extra support in for schools, we will make sure extra support flows through into school systems, delivers additionality for school systems and is not just pocketed as a saving by a state or territory government. (Time expired)

Senator O'Neill interjecting—
The PRESIDENT: Senator O'Neill, you have been constantly interjecting. Please cease. Senator Brown, a supplementary question.

Senator CAROL BROWN (Tasmania) (14:16): Can the minister confirm that as a result of his education package, which aims to lock in cuts to schools of $22 billion, Tasmanian public schools will lose $68 million in the next two years alone?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:17): Far from what the senator wants to imply, I am more than happy to confirm for her that Tasmanian public schools over the next two years, as she specifies, will see funding grow from $183 million estimated to be paid this year to $190 million estimated to be paid next year to $197 million estimated to be paid the year after, and that will keep growing to $261 million by 2027—clear strong growth in relation to Tasmanian government schools, enabling them to indeed meet, pretty much, the schooling resource standard. They do that because the Tasmanian coalition government or the Tasmanian Liberal government down there, led by Will Hodgman, actually invests in their school systems, which, together with what the Turnbull government is proposing, will get those school systems very close to receiving the full schooling resource standard, unlike, for example, the Victorian Labor government. (Time expired)

The PRESIDENT: Senator Brown, a final supplementary question.

Senator CAROL BROWN (Tasmania) (14:18): How is it fair that, while Tasmanian public schools will lose $68 million in the next two years, The Friends' School in Hobart will get a $19 million increase over the decade?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:18): I just outlined for the senator how it is that Tasmanian government schools receive increased funding. What is remarkable is that all of these Labor senators come into this place and want to vote down a package, the result of which, if they were successful in defeating this, would be that many government systems around the country would actually receive less funding in the future. These people come in here with the hypocrisy ringing around, arguing as they do, trying to play the class-warfare arguments that they do, playing off one school versus another school, when what is clearly recognised in the public debate, what is clearly recognised by the experts, what has been clearly recognised by David Gonski and review panel members Ken Boston and Kathryn Greiner, is that the Turnbull government is applying fairly, consistently, the needs based funding formula for the future that will ensure there is appropriate support in all schools, hold states and territories accountable as well and deliver the support our children deserve. (Time expired)

Education

Senator HANSON-YOUNG (South Australia) (14:19): My question is to the Minister representing the Prime Minister, Senator Brandis. We know that Senator Hanson disgraced herself in this place yesterday by suggesting that children with disabilities should be locked out of classrooms across the country. Did Senator Hanson raise these repulsive suggestions in any negotiations with the Prime Minister or his Minister for Education and Training?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:20): I have seen the remarks attributed to Senator Hanson, and I do not agree with them.
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The PRESIDENT: Senator Hanson-Young, a supplementary question.

Senator Hanson-Young: I rose on a point of order before the minister sat down, actually.

The PRESIDENT: In any event, Minister, had you concluded your answer?

Senator Brandis: Yes.

The PRESIDENT: Senator Hanson-Young, a supplementary question.

Senator HANSON-YOUNG (South Australia) (14:20): I will take that as a yes, unless the Attorney is prepared to correct the record. Did Senator Hanson raise with the government locking out children with disabilities from Australian classrooms in negotiations on the Gonski package?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:21): As Senator Birmingham explained in his answer to the question that came to him from Senator Watt, the government's package, which the Greens and the Labor Party have decided to vote against, makes much more generous provision for students and children with a disability than the status quo—much more generous provision indeed.

The PRESIDENT: A point of order, Senator Di Natale?

Senator Di Natale: My point of order is on relevance. The minister has had two opportunities now to answer a very straightforward question. The question was: were Senator Hanson's comments, as disgraceful as they were, raised during any negotiation between Senator Hanson and the Minister for Education and Training or the Prime Minister during negotiations over the education legislation?

The PRESIDENT: Thank you, Senator Di Natale. I will remind the Attorney-General of the question.

Senator BRANDIS: As I was pointing out to you, Senator Hanson-Young, and as Senator Birmingham explained to the chamber before, this package makes much more generous provision for children with disabilities than the status quo, yet you come in here to vote against measures that will—

The PRESIDENT: Pause the clock. Senator Di Natale, on a point of order?

Senator Di Natale: My point of order, again, is on relevance. Again, I would urge the minister to answer Senator Hanson-Young's question. I suspect that the minister is now defying your ruling, Mr President, to address the question. He has had two opportunities to give a yes or no answer. Were those allegations raised?

The PRESIDENT: Order, Senator Di Natale! You have made your point of order on a second occasion. You have raised it again. Again, I will remind the minister of the question.

Senator BRANDIS: I am just providing the context that the Greens are voting against more generous provision for students with a disability. In fact, Senator Birmingham addressed this question last night. The answer is no.

The PRESIDENT: Senator Hanson-Young, a final supplementary question.

Senator HANSON-YOUNG (South Australia) (14:23): We have already in this place had an opportunity for the Minister for Education and Training to condemn or repudiate Senator Hanson's comments. He has not done that. Attorney, could you please inform the chamber
when the Prime Minister will show some leadership and condemn these disgraceful comments?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:23): Senator Hanson-Young, the answer to your question, as I said before I sat down, has already been provided by Senator Birmingham, who of course does not agree with those remarks any more than I do.

Opposition senators interjecting—

Senator BRANDIS: Nor do you.

Senator Hanson-Young: On a point of order, Mr President—the question was: when will the Prime Minister condemn these disgraceful comments?

Senator BRANDIS: I know the Prime Minister does not agree with those remarks either—neither does Senator Birmingham, nor I, nor, I daresay, any member of this government. May I point out that this has already been addressed by Senator Birmingham. But you, by your conduct, are showing what you really think about the issue, because the issue is more important than certain remarks attributed to one senator. The issue is whether we make proper provision in our schools for children with a disability. We are bringing forward a bill that will make better provision for them, and you are voting against it.

Workplace Relations

Senator POLLEY (Tasmania) (14:25): My question is to the Minister representing the Prime Minister, Senator Brandis. On 1 July up to 700 Australian workers will see a wage decrease when the cut to Sunday penalty rates begins to take effect. When wage growth is at its lowest level on record, why is the government supporting a cut to some of Australia's lowest-paid workers?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:25): Well, Senator Polley, as I and others have pointed out to you and your colleagues many times in this chamber in recent months, the government absolutely supports the independence of the Fair Work Commission. And might I remind you that the Fair Work Commission was established by a Labor government on the basis that it would be independent. So, not only does the government support its independence; you should be supporting it, too, because you created it to be independent. We respect that; you obviously do not.

I am glad you asked me about 1 July 2017, because it gives me the opportunity to address some of the measures that will be coming into operation on 1 July 2017 that will make Australians' lives a lot better than they were. More than 232,000 more Australians will be in work on 1 July 2017 than were a year ago; 3.2 million small businesses, which employ 6.5 million Australians, will be the beneficiaries of the government's Enterprise Tax Plan as of 1 July, enabling them to pay better wages and to employ more employees. We will be implementing the bank levy on 1 July, ensuring that the banks make a greater contribution than they have been making to the budget. On 1 July our childcare reforms will come into operation, which will benefit about a million Australian families. We will have secured Australia's energy future, Senator Polley, because on—(Time expired)

The PRESIDENT: Senator Polley, a supplementary question?
Senator POLLEY (Tasmania) (14:27): On 1 July the Turnbull government's $16,400 tax cut for millionaires will take effect. How is it fair that on the same day up to 700,000 workers will have their pay cut? The Turnbull government is giving millionaires a tax cut. That is what is happening on 1 July.

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:28): What is happening on 1 July in relation to tax and revenue is that we will be giving small and medium-sized businesses a tax cut so that they can employ more Australians and pay their employees better wages. That is what we are doing. And, as I said in answer to your primary question, that will benefit 3.2 million Australian businesses who employ 6.5 million Australians. That is why we actually made the deliberate decision to front-end load our Enterprise Tax Plan towards small business, so that small businesses—who, as you know, are the great employers of the Australian economy—will be the earliest beneficiaries of the Enterprise Tax Plan. And I can tell you, Senator Polley, since you asked about revenue, that also on 1 July we will see the commencement of the diverted profits tax. (Time expired)

The PRESIDENT: Senator Polley, a final supplementary question?

Senator POLLEY (Tasmania) (14:29): On 1 July Energy Australia electricity prices for the average household in New South Wales will go up by nearly 20 per cent, or almost $320 a year. Why is the Turnbull government making it harder for pensioners to pay increasing power costs by cutting payments by $365 for single pensioners and $550 for couples?

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:29): Senator Polley, I am surprised you would be asking that question when under the Labor government in which you served electricity prices doubled. The price to Australian households of their electricity bill doubled in the period of your government, whereas, as the Finkel report and the charts and graphs in it demonstrate, under this government electricity prices have stabilised.

Nevertheless, as I have pointed out to the chamber many times, it is necessary for us to be proactive to ensure that electricity prices do not go up, to ensure that electricity prices remain affordable, which is why the government have already announced—the Prime Minister, Mr Frydenberg and Senator Canavan announced this on Tuesday—a series of measures that we are taking to ensure that electricity remains affordable, informed by the Finkel report, informed by discussions in our party room—(Time expired)

Coal Seam Gas Mining

Senator HANSON (Queensland) (14:31): My question is to the Minister for Resources and Northern Australia, Senator Canavan. Minister, coal seam gas production in the Bowen Basin and Surat Basin averages $6 to $8 per gigajoule. This cost makes gas expensive in comparison—

Senator Cameron interjecting—

The PRESIDENT: Order, on my left! Order, Senator Cameron!

Senator Ian Macdonald interjecting—

The PRESIDENT: Order, on my right! Order, Senator Macdonald! Senator Hanson, we will reset the clock and you can start your question again.
Senator HANSON: Minister, coal seam gas production in the Bowen Basin and Surat Basin averages $6 to $8 per gigajoule. This cost makes gas expensive in comparison to real prices and in comparison to gas produced off the coast of Western Australia. The uneconomic nature of coal seam gas production is likely to continue for decades. How can the government justify its proposal to spend $30.4 million over four years from 2017-18 to undertake scientific assessments on three prospective onshore, unconventional gas sites and a further $28.7 million to convince Australians that coal seam gas mining is good when we have cheap gas off the coast of Western Australia? Also, what is the government doing to address the impact coal seam gas mining has had on the health of families and children in Chinchilla in Queensland?

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (14:32): I thank Senator Hanson for her very detailed and reasonable question on these important matters for our country. Senator Hanson is right to say that coal seam gas production in Queensland typically is at a higher cost than in other countries, although the estimates that I am advised of range more from $4 to $8 a gigajoule. There are some areas that are more productive than others. Those projects proceeded when oil prices were much higher, and the production that is coming out of Queensland provides us the opportunity to meet the needs of Australia, particularly as the Bass Strait, our traditional source of oil and gas for many decades, declines. We are going to lose from the Bass Strait, on the Australian Energy Market Operator estimates, about a sixth of our domestic east coast consumption in the next year or so. That is a significant decline that we need to make up from other sources.

That is principally why the government has put forward that $90 million—to try to encourage more gas development. Senator Hanson mentioned the $30 million that we are putting towards finding new prospective areas of gas development and also the $26 million we are putting towards a gas acceleration program that partners existing producers in existing basins to bring gas to market sooner, to bring immediate relief for the high gas prices that are burdening our manufacturing sector and household bills. That is why the government is so focused on this. It is important for jobs, it is important for our country and it is important so households can balance their budgets. It is why we are taking such immediate and strong steps—

The PRESIDENT: Pause the o'clock. Senator Hanson, a point of order?

Senator Hanson: I am very interested in hearing the minister's comments about the health issues of families caused by coal seam gas mining in Chinchilla.

The PRESIDENT: I will take that as a point of order on relevance, Senator Hanson. The minister was certainly exceptionally relevant to the first part of your question. If the minister gets to the second part of your question, we will wait and see what he has to say. He has 33 seconds left. He has been directly relevant.

Senator CANAVAN: I will do my best. I was just going to say that it is very important for us to look at other areas of the country for gas development. Not all of those areas are coal seam gas. Some areas are in shale or tight-gas sources, where costs of production may be much lower. I take Senator Hanson's point on the concerns on health and environmental impacts in Western Queensland, ones I am very familiar with myself. As part of this package I will be taking to the COAG Energy Council a template agreement for land access to areas,
including in Western Queensland, to make sure we deal with some of those concerns that certainly exist in the community.

The PRESIDENT: Senator Hanson, a supplementary question?

Senator HANSON (Queensland) (14:35): Minister, is it true that there are up to 80 proven and probable gas reservoirs that could supply the domestic market with gas but are not in production because you have not implemented a 'use it or lose it' policy, in combination with a condition on production licences that 15 per cent of the output annually be given to the domestic market?

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (14:35): I have not received any advice about 80 reservoirs and that order. However, I can confirm for the senator that the government has implemented a 'use it or lose it' policy and review across the country. That is a review that includes the offshore areas that the Commonwealth government is responsible for. We had agreement with the states and territories at the last COAG Energy Council meeting to conduct a similar review onshore, which my officials are working with state and territory officials to do.

I would point out to Senator Hanson that, in terms of the Commonwealth areas of responsibility, Bass Strait is a declining resource. There are some areas for which, just last week, we announced the terms of reference for the 'use it or lose it' review there. But there is a limited source of gas left available and it is becoming higher cost, with no oil left and higher degrees of mercury and carbon dioxide. In the west there are possible resources, too, but, of course, there is no connection at this stage to east coast markets. Any such connection in the future would be at some cost, either through a pipeline or a regasification facility on the east coast.

The PRESIDENT: Senator Hanson, a final supplementary question?

Senator HANSON (Queensland) (14:36): What stops the government encouraging import gas terminals on the east coast so that cheap gas can be brought from the North West Shelf, and other projects, to supply the east coast?

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (14:37): I thank Senator Hanson again. It is a very relevant and important question. The government fully supports those companies that are looking at that very question. The senator might be aware that AGL is apparently going through a process of looking at installing a regasification facility in southern markets. We fully support that. It is a commercial decision at this stage and it would be at cost, as I mentioned in an answer to an earlier question. It is not a free lunch. The estimates of gas costs coming in from the west through such a facility seem to be in the order of $9 to $11 a gigajoule. So there is quite a high cost for doing so. But, certainly, we as a government need to make sure that we look at all options to deal with these issues, not just in the next few years but over decades. We should be looking at other areas of potential resources, such as the Great Australian Bight. I welcome the support from the other side to make sure we continue to look at that, and I welcome Statoil's decision to continue to take on BP licences there. In the Northern Territory we need state governments to remove those moratoriums, because there are certainly very prospective potential resources there as well.
Defence

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:38): My question is to the Minister for Defence, Senator Payne. Can the minister update the Senate on the work the Turnbull government has done in the 12 months since the election to ensure Australia's long-term security?

Senator PAYNE (New South Wales—Minister for Defence) (14:38): I thank Senator Fawcett for his question, particularly given his role as the chair of the Joint Standing Committee on Foreign Affairs, Defence and Trade. It is indeed just on 12 months since the last election and a little over 16 months since the Prime Minister and I released the defence white paper, the Integrated Investment Program and the Defence Industry Policy Statement. In the 16 months since then we have been focused on delivering on those plans. Indeed, in the budget we reaffirmed our commitment to increase the defence budget to two per cent of GDP, by 2021, three years ahead of the election commitment we made in 2013.

We have made very significant progress on our plans to modernise Australia's Navy. We have begun the design of our future submarines. We have begun the design of our future submarines. We are conducting industry sessions right around the country to maximise Australian industry involvement and we have signed the intergovernmental agreement with France for the Future Submarine program. We have shortlisted companies and issued tenders for the Future Frigate and the Offshore Patrol Vessels, which will both be built in Australia. We are advancing the acquisition of the New Combat Reconnaissance Vehicles for the Army—which in fact I was able to inspect this morning, at a reasonably chilly Fairbairn—as they undergo part of their trials at the moment for air transportability. We finalised the cost-sharing for the Force Posture Initiatives and started the Enhanced Air Cooperation Initiative this year, as well.

That is a very brief description of some of the key activities the government is delivering to ensure we keep our nation safe. In fact, in this financial year, through the approvals process of the cabinet, we have progressed 63 projects, which is close to double the highest previous number. That is emblematic of our commitment to ensuring that we implement the provisions of the defence white paper and the Integrated Investment program and work within the Defence industry policy statement to ensure that we are supporting Australian industry in that process and achieving the best capability for the ADF.

The PRESIDENT: Senator Fawcett, a supplementary question.

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:40): Can the minister advise the Senate on how the Australian Defence Force has contributed to regional and global security, as well as our maritime borders?

Senator PAYNE (New South Wales—Minister for Defence) (14:40): We have more than 2,300 Australian Defence Force personnel deployed around the world and as part of our operations to secure Australia's maritime borders. In Iraq, where they are now, Daesh has lost more than 55 per cent of the territory it once held. Our Special Operations Task Group there continues to support the Iraqi Counter Terrorism Service in its efforts to liberate Mosul. Our Air Task Group also continues to make a very significant contribution to the fight against Daesh. The task group at Taji, our training group, has graduated more than 24,000 Iraqi trainees, including 4,000 police trainees. We have recently agreed to increase the Australian Defence Force commitment to Afghanistan by 30 personnel—from around 270 to 300—as
part of our current 'train, advise and assist' mission. It is in Australia's national interest to ensure that we do not let Afghanistan become a safe haven for terrorists again. (Time expired)

The PRESIDENT: Senator Fawcett, a final supplementary question.

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (14:41): Could the minister advise the Senate how the Turnbull government has helped to increase the preparedness and capability of the Australian Defence Force over the last 12 months?

Senator PAYNE (New South Wales—Minister for Defence) (14:42): As the white paper said, we are determined to create a more potent, agile and capable Defence Force and to deliver on the investment and capability that Senator Fawcett has referred to. That includes our new satellite capabilities, new night-fighting equipment and further investments in electronic warfare, to name just a few things. Last November the Royal Australian Air Force took possession of the first P-8 Poseidon aircraft—a cutting-edge surveillance anti-submarine aircraft—and the first EA-18 Growler electronic attack aircraft are now also in service. With the joint strike fighters, which made their first visit to Australia in March, they will create a powerful, cutting-edge fifth-generation Air Force. Last week, Navy took provisional acceptance of the first air warfare destroyer, which will significantly enhance the capability of the Navy—and I have already spoken about the projects in relation to the Future Submarines, the Future Frigates and the offshore patrol vessel. We are working on this with absolute focus to ensure we create the ADF capability that we need. (Time expired)

Court, Mrs Margaret

Senator RICE (Victoria) (14:43): My question is to the Attorney-General, Senator Brandis. Attorney, I refer you to recent comments by Margaret Court that lesbian, gay, bisexual and transgender young people were 'all the Devil'. She equated accepting and supporting LGBTIQ young people with 'what Hitler did, with what communism did'. She said, 'That's the whole plot in our nation and the nations of the world to get in the minds of the children.' Given how hateful and hurtful these comments are to LGBTIQ people, why is Margaret Court speaking at a Liberal Party fundraiser in Melbourne tonight?

The PRESIDENT: That does not strictly relate to the Attorney-General's portfolio but I will invite him to respond if he wishes to.

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:44): Senator Rice, I am not aware that Margaret Court is speaking at a Liberal Party fundraiser. If she is, I assume the reason she is speaking is because she has been invited to. I am not familiar with the particular remarks you have quoted. By the way, I have met Margaret Court. She came to see me a couple of years ago to put her point of view in the debate about gay marriage. She is a significant Australian. As a younger woman, she was a great contributor to Australia as a sportswoman. In her mature years, she has become a minister of a church, as I understand it, and has strongly conservative views on gender issues and the question of the rights of gay people.

I do not share those views, but, might I remind you, Senator Rice, that, in being a prominent opponent of same-sex marriage, Margaret Court represents a point of view shared by, according to the opinion poll evidence, about a third of Australians. I do not share those views; obviously you do not either. But Margaret Court's opposition to same-sex marriage, so far as we can tell from opinion polls, is a point of view that represents about a third of the
people in Australia—about eight million people. I am surprised to hear you, Senator Rice, of all people, coming into this chamber to attack the rights of people to express minority points of view, because, Senator Rice, the political party you represent has the support of about 10 per cent of the Australian people. Margaret Court's views on same-sex marriage have the support of more than three times that many Australians. So of course she is entitled to her point of view.

The PRESIDENT: Senator Rice, a supplementary question.

Senator RICE (Victoria) (14:46): Two years ago, Attorney, you launched the Australian Human Rights Commission report Resilient individuals: sexual orientation gender identity & intersex rights. You were quoted as saying at the launch: The report reminds us how wicked it is to taunt, to embarrass, to abuse, to humiliate young people because of their sexuality, and that is one of many of the areas which still need to be urgently addressed ...

Do you still stand by these comments? Do Margaret Court's comments fit your category of wickedness? (Time expired)

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:46): I do, absolutely, stand by those remarks. In fact, it is an issue I feel very strongly about. I have not seen the particular remarks of Margaret Court that you have referenced and, therefore, I am not going to comment on them. But I am going to make the general point, as I have done throughout my career, that I will stand up for the right of people to express a minority view, even though it may be an offensive view.

The PRESIDENT: Senator Rice, a final supplementary question.

Senator RICE (Victoria) (14:47): Attorney, is it a fact that having significant sections of the Liberal Party condoning and supporting hateful and hurtful views like these is holding the Liberal Party back from being the strong supporters of equality and LGBTI people that you should be?

The PRESIDENT: Again, that does not strictly relate to the Attorney-General's portfolio, but I will invite him to respond.

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (14:47): Might I remind you, Senator Rice, that the Liberal Party is very proud of its history as a law reformer in this area, including, by the way, making the first attempt at law reform in relation to the rights of gay people in Australian history—in the South Australian parliament, by Mr Murray Hill, the father of our former colleague Senator Robert Hill. The first attempt in this parliament to protect the rights of gay people was introduced by a former Liberal Prime Minister, Sir John Gorton, into the House of Representatives in the 1970s. So we are very proud of what we do. But, being Liberals, we also respect the fact that this is an area in which different people will have different views, and we can—and I do—both stand up for the rights of gay people and also stand up for the rights of others to express a view that I myself find personally distressing.
Education

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:48): My question is to Senator Birmingham, the Minister for Education and Training. Last night the minister met with representatives of the Catholic education sector hours after media reports had already emerged of the so-called 'special deal' he would be proposing. Did the minister, or any member of his office, brief the media about the special deal before he had even met with the Catholic education sector?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:49): I certainly did not, and I will happily check in relation to my office.

The PRESIDENT: Senator Wong, a supplementary question.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:49): Even before this latest example of bad faith, the Catholic Education Commission has said:

In the 50 years we have been dealing with governments, we have never had a government not engage with us on major changes to policy.

Is this not just another example of the behaviour that has led to this minister being labelled the worst in five decades by the Catholic education sector?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:49): The changes that the government announced and informed Catholic education of yesterday and that I then informed the Senate chamber of subsequently were raised by Catholic education officials at a meeting with me on Monday afternoon this week. We went through those changes at that meeting. Senator Back was present as well, which indeed has been well reported on, and you, yourself, Senator Wong, have referenced that meeting and those discussions. Proposals were put and considered at that time and those are the proposals the government subsequently agreed to and subsequently informed Catholic education of. They will of course add to what is already $3.4 billion worth of additional funding that Catholic education systems will receive across the country over the next 10 years under our reforms.

The PRESIDENT: Senator Wong, a final supplementary question.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:50): Given this minister failed to consult the Catholic education sector on his education package, provided data that was flawed to his own coalition colleagues and publicly accused the Catholic sector of misleading Australians, is it any wonder that Catholic education has lost confidence in him?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (14:50): I have told the Senate this time and time again in relation to school systems across Australia, and I can do it again in relation to Catholic education systems: funding grows for Catholic education under the Turnbull government's reforms. Funding grows from $6.3 billion that will be paid towards Catholic education authorities this year to $9.7 billion that will be paid in 2027—$3.4 billion of additional funding growth. This is a funding growth rate that is at least 3½ per cent per student across the states of Australia. The growth rate is faster for Catholic education systems in states like Tasmania and Western Australia because in the past they have got poorer deals than Catholic education systems in other states. By applying a consistent approach and adopting a needs based formula in a consistent way across different
states and territories, we are ensuring fair and equitable funding for Catholic systems around the country, as we are for all schoolchildren in all schools around Australia.

Indigenous Affairs

Senator BACK (Western Australia) (14:52): It is my privilege to ask my last question of the Minister for Indigenous Affairs, Senator Scullion. Can the minister update the Senate on how the Turnbull-Joyce government is working in partnership with Indigenous Australians to deliver outcomes particularly in the priority areas of education and employment?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:52): Before I move to the government's achievements in this area I would like to once again acknowledge the valuable contribution of Senator Back. We wish him and his family all the best in the future. I am pleased to inform the Senate that we are working in partnership with Indigenous communities, and the investments we are making are great news for our First Australians. We are ensuring that there are opportunities for people first to get an education and then to transfer into employment. It is evident that it is very hard to get an education if you are not at school, and our Remote Schools Attendance Strategy has assisted over 14,000 students over 77 schools in the last 12 months. We have provided this assistance by ensuring we work with the communities, which means we have employed 450 local truancy officers who understand the children, the families and the circumstances in those communities. Again, it is a matter of working in partnership with the communities.

We have taken that approach in the area of employment as well. We have broken the cycle of training for training's sake. We have the VTECs—the Vocational Training and Employment Centres—and we have just passed the 6,000 permanent jobs mark for Indigenous jobseekers. Our Indigenous Entrepreneur Fund ensures that Indigenous businesses have the opportunity to make a start and succeed. Sometimes it is a piece of infrastructure, or it might be a backhoe or a photocopier or a giraffe. Whatever it is you need to run your business, this is the fund that can sort it out. We have achieved an awful lot over the last 12 months. We are going to continue to push on with our reforms, and all of these reforms will be based on ensuring that we are working with communities, working with the people we want to assist. I am sure that we will be able to continue to deliver these results.

The PRESIDENT: Senator Back, a supplementary question.

Senator BACK (Western Australia) (14:54): I congratulate the minister on that impressive list. What new programs is the government providing to support Indigenous Australians, particularly those in regional and remote areas?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:54): Thank you for the question, Senator Back. Since the 2016 election we have been delivering on our commitment to support Indigenous entrepreneurs. We have introduced a $90 million Indigenous Entrepreneurs Fund, which is for Indigenous businesses in regional and remote areas. That is because we recognise that the challenges for business in regional and remote areas—the nature of the markets, the nature of business—are different from those in the cities.

We are also tailoring the Indigenous Procurement Policy to Indigenous businesses in remote communities. Under this policy, government agencies that are looking to procure
goods have to seek out an Indigenous business first. We are really sending a signal, and that signal is: if you want to do business with the Commonwealth government in a trillion-dollar economy then you need to be thinking about whether or not you are doing business with Indigenous Australia. It is working. We have gone from $6.2 million, and now I can update the Senate: instead of $407 million, it is $434 million. (Time expired)

The PRESIDENT: Senator Back, a final supplementary question.

Senator BACK (Western Australia) (14:55): Finally I ask: can the minister outline how the Turnbull-Joyce government's approach of working in partnership with Indigenous Australians has delivered better outcomes and new jobs over the last 12 months?

Senator SCULLION (Northern Territory—Minister for Indigenous Affairs and Leader of The Nationals in the Senate) (14:56): We are working, again in partnership with our First Australians, to support people into employment, because we on this side of the chamber recognise that the best form of welfare is in fact a job. Our Community Development Program has turned around Labor's disastrous Remote Jobs and Communities Program, which led to a massive disengagement because effectively it introduced an urban work for the dole program into remote areas. I am pleased to update the Senate that we recently announced that the CDP has delivered over 5,000 six-month job outcomes and has gone from seven per cent attendance to 70 per cent attendance in activities and jobs. I am pleased also to update the Senate that the ranger program that was originally started by the coalition government in 2007 now has grown to support over 2,600 rangers.

Every day in this portfolio we are employing more and more Indigenous Australians, and I acknowledge everyone, including those opposite, for working in partnership with the government to achieve these outcomes for our First Australians.

Defence Procurement

Senator GALLACHER (South Australia) (14:57): My question is to the Minister for Defence, Senator Payne. At the Senate committee hearing on Tuesday night, the interim CEO of DCNS, Brent Clark, said that ASC would have no role in building Future Submarines. Can the minister confirm that this is the case, despite DCNS proposing a range of options for ASC during the competitive evaluation process for the Australian Future Submarine project? If so, when did the government decide on an option that meant ASC would have no role in the build of Future Submarines, and why has the government withheld this information from South Australians?

Senator PAYNE (New South Wales—Minister for Defence) (14:57): I thank Senator Gallacher for the opportunity to reaffirm the government's decision to build 12 Future Submarines in Adelaide. It is a historic decision. It is a nation-building decision. It will deliver the capability that our Navy needs and it will create thousands of Australian jobs. In fact, it will create over 1,100 direct jobs and 1,700 indirect jobs in addition to the thousands of other jobs which will be created through our surface shipbuilding program as well. Every single decision that this government has taken in relation to naval acquisition, from the Future Submarines to the surface ships, is about ensuring we have a sovereign naval shipbuilding industry in this country.
Of course, that stands in distinct contrast, Mr President, as you might recall, to those opposite, who failed to make one single decision in relation to the acquisition of naval capability—

**The PRESIDENT:** Order, Minister. Senator Gallacher, a point of order?

**Senator Gallacher:** Yes. My point of order, Mr President, is relevance. I am talking about ASC and their role.

**The PRESIDENT:** Thank you, Senator Gallacher. I would remind the minister of the question.

**Senator PAYNE:** There was not one single decision made in relation to naval shipbuilding for any company in Australia—not just for ASC but for any company in Australia—for the entire time in which they were in government. So 1,100 direct jobs, 1,700 indirect jobs, Mr President, and the fact is that the Australian submarines—

**The PRESIDENT:** Order, Minister. Pause the clock. On a point of order, Senator Carr.

**Senator Kim Carr:** Mr President, this is a serious question. It would appear that either the government has been misled or the government has misled South Australians about the role of the ASC in the Future Submarine project. My point of order goes directly to the question of relevance. I would ask you to ask the minister to directly respond to the question asked.

**The PRESIDENT:** Again I will remind you, Minister, of the question.

**Senator PAYNE:** I can understand why those opposite do not want to hear about this. It is because they do not want to hear about their own record. But let me be very clear. These Future Submarines, 12 of them, will be built in Adelaide with an Australian workforce that will build on the existing submarine workforce in ASC—of course it will. The submarine workforce in Adelaide, which is currently resident in ASC, will have to grow to ensure that Australia can continue to sustain the Collins class submarine and build the Future Submarine fleet. So, as I said, let me be absolutely clear: because of the decisions that the Turnbull government has made, the submarine workforce in Adelaide will grow. The Future Submarine program will create 1,100 direct jobs and 1,700 indirect jobs, and that will be building on the ASC workforce itself.

**The PRESIDENT:** Senator Gallacher, a supplementary question.

**Senator GALLACHER (South Australia) (15:00):** Given that DCNS has now said that there will be no role for ASC in the builds, wasn't its claim in promotional material supporting its bid that there would be 1,700 jobs at ASC misleading, or has the ASC's role changed due to a government decision?

**Senator PAYNE (New South Wales—Minister for Defence) (15:01):** There is no change in relation to the role of ASC, which the finance minister, the Minister for Defence Industry and I very clearly set out in the separation process. The workforce that is required for ASC for the continuation of Collins class sustainment has not changed. We will be building on the submarine workforce in Adelaide because we have to build on the submarine workforce in Adelaide to sustain the Collins class submarine and to build the Future Submarine. We have ensured that DCNS as the build-and-design business for the Future Submarine provides the capability that we need to produce the best, most regionally superior submarine we can. That is the very direct focus of the government.
But we have to build on the submarine workforce, not diminish it—grow it. It is not that
difficult to understand, even if you were not capable of commissioning one single ship in the
entire time you were in government. We will be building on the submarine workforce in
Adelaide— (Time expired)

The PRESIDENT: Senator Gallacher, a final supplementary question.

Senator GALLACHER (South Australia) (15:02): The former CEO of DCNS, Mr Sean
Costello, said that over 90 per cent of the build would occur in Australia. The new CEO is
now refusing to confirm that percentage. What local build percentage will this government
guarantee, and when will you consult with the workforce?

Senator PAYNE (New South Wales—Minister for Defence) (15:02): I do not have the
advantage of the Hansard for the committee hearings, so I have not actually been able to read
the evidence. That is not available at this point. But let me be very clear, again. The
government's decisions in relation to the Future Submarine are going to grow the submarine
workforce in this country. There is no change to that view. There is no change to that
direction. It is an absolute commitment: 1,100 direct jobs, 1,700 indirect jobs and more
beyond that in global supply chains and Australian supply chains, right across the submarine
build and right across the surface ship build. But, if I were in the position that those opposite
find themselves in, I would not want to hear about this—because if you made no decisions, if
you made no effort to ensure you preserved a workforce that could build ships in Australia to
the degree that those opposite insist was apparently the case, if you did nothing, if your output
was zero— (Time expired)

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

Senator Wong: Mr President, if I can, by leave, simply in a rare moment of friendliness
wish my colleague the Leader of the Government in the Senate a happy birthday.
Honourable senators interjecting—

The PRESIDENT: Thank you, Senator Wong. Clapping is disorderly, senators!

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Workplace Relations

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

That the Senate take note of the answer given by the Minister representing the Prime Minister
(Senator Brandis) to a question without notice asked by Senator Polley today relating to workplace
relations.

It might be Senator Brandis's birthday today, but it certainly will not be a birthday present for
any of the 700,000 low-paid workers who will lose penalty rates over the next few years as a
result of the Prime Minister, Malcolm Turnbull, and the coalition—the rabble of a
government over there—refusing to stand up for penalty rates for Australian workers. They
are an absolute disgrace. They simply do not understand how important it is for workers in
this country to have access to penalty rates, to put food on the table, to put shoes on their kids'
feet, to pay the bills, to pay the rent, to pay the mortgage, to engage in society. They do not
have a clue. They are a clueless mob, and all they have is this argument amount trickle-down
economics. According to this mob, you can give $65 billion of tax cuts to business and that will create jobs.

Well, no-one around the world who has looked at what tax cuts have done in the UK or in the USA believes that absolute nonsense. This is a mob who are going to give $16,400 of tax cuts to millionaires but stay silent when it comes to the penalty rates of workers in this country. I have to say, at least George Christensen, the member for Dawson down in the other place, actually understands how important it is to protect penalty rates.

*Senator Ian Macdonald interjecting—*

**Senator CAMERON:** Senator Macdonald can laugh and giggle all he likes. After many, many years in the Senate, he would never have had to worry about penalty rates. He would never have had to worry about putting food on the table. He has lived off the public purse for decades. Yet workers on penalty rates are not supported by Senator Macdonald, not supported by the Nationals party.

And I will tell you where the workers will be most affected: it will be in rural and regional Australia; it will be in areas where Senator Canavan lives; it will be in areas where Senator McKenzie lives; it will be up in New England, with Senator Williams. I wonder whether Senator Williams in New England has told the workers up there why he is supporting cuts to penalty rates, when he had an opportunity, when Labor moved protection of penalty rates in this place—why he voted against it. We know penalty rates are so important to the working poor in this country, yet this mob over here, on their $200,000 base salaries, do not have a clue about how important it is for workers to have access to penalty rates.

Even Senator Hanson, after her initial opposition to penalty rates, was forced to capitulate and support the Labor Party on that issue. If Senator Hanson can understand that, why can't the Nationals? If George Christensen can understand it, why can't the Nationals? I mean, One Nation are not the protectors of working class families in this country—not far from it—but even Senator Hanson, with all her loopy ideas, with all her divided ideas, with all her hatred for some groups in this country, understood how important it was—eventually—to protect penalty rates. And she only did it for pure political purposes, because she does not really support penalty rates in this country. It is about time those opposite understood the difficulties for ordinary families, for the working poor, to put food on the table and to look after their families. For you lot on a basic salary of 200 grand a year to cut penalty rates is outrageous.

(Time expired)

**Senator WILLIAMS** (New South Wales—Nationals Whip in the Senate) (15:10): I am glad to respond to Senator Cameron. Talk about who has been on the pay! You say it is Senator Macdonald, with his years in the Senate. What about the free ride you have had all of your life from workers paying your union job?

**The DEPUTY PRESIDENT:** Senator Williams, resume your seat. I remind you to direct your comments to the chair and not refer directly to other senators.

**Senator WILLIAMS:** That is a very good point. I am sorry I overlooked it, but Senator Cameron sometimes winds me up, because of the hypocrisy of those on the other side. They will not pay attention to or respect an umpire. I will tell you why. Go back to 1983 and the 'wide comb dispute' with shearsers. I am probably the only shearer in this chamber. I say to those over there: the shearsers started your party. But none of them could bend their backs and
knock the wool off a sheep. There are only two shearers out of 226 parliamentarians in this building, and we are both Nationals: Andrew Broad MP and me. When the umpire made the decision in 1983 that we could use wide combs, what happened? Ernie Ecob and former senator Michael Forshaw said: 'Go on strike. Don't listen to the umpire's decision. Umpires are bad.' Those over there set up an umpire, Fair Work Australia, and they appointed the commissioners. The commissioners were appointed by the Labor Party. Then, when then the commissioners made an independent umpire's decision, those over there would not abide by the umpire's decision. Nothing has changed in the Australian Labor Party since 1983.

Let's have a good look at who is getting ripped off. Mr Bill Shorten stripped penalty rates from lowly paid cleaners with no compensation while accepting payments to his union, the Australian Workers' Union, from the company Cleanevent. Are they proud of that history? I bet—for sure! For years the unions and big business have been making agreements to cut Sunday penalty rates and even under the Labor Party we had two lots of penalty rates cuts when they were in government. Let's look at the classic examples. A bed and breakfast small business pays $10 an hour more for labour than a five-star hotel on penalty rates, a family chicken shop must pay $8 an hour more than KFC and a family owned takeaway—Senator Hanson will know about this because she comes from a small business—must pay $8 an hour more than McDonald's. Why do they stick up for McDonald's but not care about small business? Why will they not let the umpire give small business a break and employ more people? A family pizza takeaway must pay $8 an hour more than Pizza Hut and—this is the best of all—a family greengrocer must pay $5 an hour more than Woolworths. Why are they in love with big business? Why do they hate small businesses, who are the biggest employers in our country?

So we got the umpire's decision, from the umpire established by the Australian Labor Party. I remember the jubilation when I was in opposition when the legislation establishing Fair Work Australia went through the chamber. Those opposite appointed the commissioners, and they asked them to review penalty rates in four years. The commission did the review they requested when they were in government, and they do not like the answer. If they ever went to court and the judge made a decision, they would never accept the judge's decision. They would put up some stupid argument about why they were found guilty or innocent. It is unbelievable. As I said, it goes back a long time to 1983 with those opposite.

Senator Cameron is talking about 'those wealthy ones over there', such as Senator Macdonald. I remember that before I came to this place I was on $25,000 a year and living in a caravan. And we are the wealthy ones on this side? Give us a break! As I said, we are the workers on this side. You do not find shearers over on their side, despite the fact that shearers started the Australian Labor Party under the Tree of Knowledge at Barcaldine. No, no—they are just specialists at selling union tickets. They get the free ride. When the shearers were not getting paid any money back in 1983 because they had to go on strike, the union reps still got paid every week. They got the free ride. The Senator Camerons know when those situations are on. It is just amazing!

We had a situation where the Australian Labor Party set up the Fair Work Commission umpire. I want to make sure that Senator Sterle gets this message from me clearly. I am worried that he has not got it yet. They set up the umpire. Imagine if they were playing football. If the umpire gave a free kick to someone, they would walk off the field. They would
not obey the umpire's decision. Well, they set up the umpires. The umpires have made a
decision, and those opposite do not like it. They even appointed the umpires—the
commissioners. They said to them to review the awards. Then when the decision came down
against them they put on a sook, blaming us, blaming the government for their work. (Time
expired)

Senator POLLEY (Tasmania) (15:15): When we talked about 1 July, we talked about
birthdays in this place. It is the birthday of one of my brothers on 1 July, and I can tell you
that he is not looking for any cuts to the penalty rates for his workforce and his colleagues
there. What we know about those on the other side is that they are so out of touch. They talk
about independent umpires, but they did not even make a submission on behalf of Australian
workers. You did not even make a submission. What we have always said is that there needs
to be protection for the lowest-paid workers in this country. If they are giving up their time to
serve us on a Sunday in hospitality or in retail, they should be compensated for being away
from their families. I do not know anyone who goes out for lunch on a Sunday afternoon who
is resentful of paying a little bit more. I do not know anyone who is prepared to complain
about that.

But what I do know is that, on 1 July, in my home state of Tasmania, there are some 40,000
Tasmanians who will be worse off. We already know that because we talk about it in this
place all the time. Senator Duniam is here. He understands the economic difficulties that we
have in Tasmania. We have a very low paid workforce. That workforce cannot afford to lose
that $77 a week.

Those on the other side talk about small business and how they are the champions of small
business. They lecture us all the time. The reality of life is that small businesses rely on
everyday Australians to keep their businesses turning over. But I can assure you that those
people who work in hospitality or retail, or as hairdressers or aged-care workers expend all of
their weekly salary. They have to do that. They do not have money to put away. They need
those penalty rates to ensure that they can pay their bills, meet their mortgage payments or
pay their rent, and go to the doctor. That is the reality. I can assure you that I very much look
forward to being in this place in the coming months, when we come back to this chamber
after the break, because I guarantee that I will be vindicated for saying that there will not be
any further increase in jobs in small businesses in Tasmania. That is because there will not be.
They will be pocketing that money—that is what they will be doing—and there will not be
any flow-on effect to the Tasmanian economy.

We have spoken time and time again about 1 July and what is going to happen with these
penalty rate cuts. Let's not forget that this government had ample opportunity to support the
bill that we introduced into the House of Representatives that was supporting the Fair Work
Amendment (Protecting Take-Home Pay) Bill 2017. The government have refused to support
it. Today is the last day of sittings—maybe we will sit tomorrow; that remains to be seen—
and this government can still act to support that legislation to protect some of the lowest-paid
workers in this country.

Why is it that the government, when they come in here and lecture us about the big end of
town and the great saviours that they are of small business, are then giving the millionaires of
this country $16,400 on 1 July?

Senator Duniam: The millionaires!
Senator POLLEY: Senator Duniam is saying, 'Hear, hear!'

Senator POLLEY: Do you know what is really interesting? And the Liberal Senate team from Tasmania are very good at it. They pretend that they are lions when they are down in Tasmania and that they are going to stand up for Tasmanians; but when they come in here to this place, they are pussycats. They do it in just the same way that the member for Dawson, George Christensen, espoused in his electorate that he supports penalty rates. Yes, he crossed the floor, but he did that knowing full well that it would not change the outcome of that vote. They are crocodile tears. He is like every other person who sits on that side of the chamber and on that side in the other place who supports these cuts to penalty rates: they are so out of touch and they are so arrogant.

I remember making these same comments in relation to the Howard government—how out of touch and arrogant they were. This government, under Malcolm Turnbull, could not be any further out of touch or more arrogant than they have already demonstrated they are in this place all week, when they would not even condemn Senator Hanson for her outrageous—

(Time expired)

Senator DUNIAM (Tasmania) (15:20): It is always a pleasure, and it seems to be a regular occurrence, that I get to follow my colleague Senator Polley on various debates in this chamber. I am pleased to once again have that opportunity and to contribute to the motion to take note of the answer given by Senator Brandis on the issue of penalty rates. I think most of the points that Senator Williams made are absolutely salient to this debate. The facts are that Labor created the Fair Work Commission, Labor appointed the commissioners and, indeed, Labor said they would abide by the decision. It was a point that was made by the Attorney in his answer today. We can all recall that radio interview by the opposition leader, Mr Bill Shorten. When quizzed repeatedly as to whether or not the Labor Party would accept the outcome, the final decision, of the Fair Work Commission when it came to penalty rates, repeatedly he said yes. But now we find ourselves in a situation where that is not the case. You have to remember that when we consider this issue and the points that have been made by those opposite.

I think it is important, though, to talk about what actually creates jobs, improves employment conditions and increases people's earning capacity. We have talked about small business in this debate a lot. Senator Polley made a couple of comments during question time today, by way of interjection, in relation to small businesses. Senator Polley referred to those people who will be the recipients of the benefits of the enterprise tax plan as 'millionaires'. I would not make the argument that people who run small businesses are millionaires. I would not argue, as Senator Polley did, that those people will keep the benefits of the enterprise tax plan for themselves and just pocket them. I do not agree with that. That is what Senator Polley thinks they will do, but I do not agree.

I would love to take Senator Polley down to a small business. We could go together to one of those nice cafes in Evandale and talk about penalty rates. In fact I might extend an invitation to her next week when we are down in town. We can talk to the proprietor of that cafe about how penalty rates affect their business and how they might close because people do not want to pay the surcharge. That was the point that the proprietor of a cafe in Evandale made to me when I was recently there. Indeed, Senator Polley made the point that people are
happy to pay that little bit extra to cover the cost of penalty rates on a Sunday or Monday, but then in the same debate Senator Polley said, 'Those people who are working in aged care, those people who are on penalty rates, they have no money.' You cannot have it both ways. Either people have money to spend or they do not. I think that contradiction highlights just how political this is, and that it is not a substantial debate about real issues.

The other point that Senator Williams made in his contribution was about the difference in employee pay conditions that small businesses face against those that big businesses face. To highlight the hypocrisy there, again we go through that list. Look at the family newsagent, the small business, that has to pay an employee a Sunday rate of $37.05 per hour, the award penalty rate for 2014-15, as opposed to the Officeworks Sunday rate of $30.05 an hour under the union agreement. The family greengrocer pays $37.05 per hour under the award penalty rate; Woolworths, the big multinational, pays a Sunday rate of $31.79 an hour under the union agreement. It goes on and on. Senator Williams mentioned McDonald's, comparing that to the family owned takeaway: $29.16 per hour under the award penalty rate; $21.08 per hour under the union agreement at McDonald's. We have to look at those facts. We have to take all of these things into account.

You cannot come in here and scream about the things that you have screamed about—injustices against workers in this country—when union agreements are delivering less for the people who are covered by them than the penalty rates that apply to those in small businesses, which cannot absorb massive increases in costs; are largely, as Senator Cameron pointed out, based in rural and regional communities; and do not have multiple outlets that can cross-subsidise one another. These are the things we have to remember when it comes to regional employment, which is something we talk about a lot in these debates. Burnie is different to Sydney. We need to protect small businesses, which create jobs in these small communities. The rates they face—those I read out—compared to those of multinationals and other large businesses demonstrate that it is all hypocrisy, froth and bubble. It is not actually about protecting jobs and supporting businesses. (Time expired)

Senator STERLE (Western Australia) (15:25): I want to put a different angle on this debate as I rise to contribute to taking note of questions to ministers. I just want make it very clear to those poor devils stuck in here listening to some of the nonsense here: I actually am a former small businessman. I come from a trucking background, with three generations of truckies. I had the privilege of being a rank-and-file employee, where I learnt my skills as a furniture removalist, going into long distance trucking to buy my own. I had to actually put the family house on the line. My wife and I had no idea how we were going to pay off our debt of $100,000 or so back in 1980 when the truck was about $30,000.

I want to talk from the heart—and I know what it means—when we start talking about union collective agreements. Senator Duniam, who is on his way out of the chamber, had a crack at union agreements. These collective agreements under the enterprise bargaining structure are where the employer speaks to the employees and they may come to an arrangement where there is an increase in base pay for the normal 38 hours. It will mean an increase in their superannuation. It will be an increase that affects their holiday pay, their sick leave and all sorts of stuff. If they have traded off a higher penalty rate for the weekend then it is because it has been picked up in the ordinary hours. That is how that happens. But those opposite forget to say that.
But I want to talk about penalty rates. When I was cutting my teeth in furniture removals with an old company called Ansett, which is no longer with us, unfortunately, the cream on the cake at the end of the week was our penalty rates. After moving furniture back then for eight hours a day—it was not 7.6 hours and RDOs—we had the opportunity, because the boss came out and said, 'We need you to keep working because we have to start loading the truck for Darwin and the truck the Sydney. Will you stay back?' You jumped at the opportunity and you did so purely for the reason that not only were you going to get more pay but you got an extra rate. That was the cream on the cake—the icing on the cake. And then if you had the opportunity on the weekend to do bush runs as an offside or as an offside on office removals, guess what? The first two hours were time and a half and then double time. For that I had to give up my footy career. I was a state schoolboy footballer. I did not have to, but I wanted to, because I wanted to carve out a living. I wanted to take that step forward to buy that block of land so my girlfriend, who I am still married to 35 years later, and I could afford to build a house on it. I have no fear with people making a good dollar. But I understand that it can get tough for employers. Because of penalty rates they have to make the decision, if they are paying the penalty rates, to not open the doors. I get that. But when we start talking about penalty rate cuts we are not talking about phasing it in over the next 10 years in a grandfathering clause. We are talking about the true possibility or probability that 700,000 Australians will cop a pay cut from 1 July.

Who are those 700,000? I have no idea. But what I do know, and I think I am pretty close on this, is that the majority of them will be youngsters. The majority will be either kids at school who have a part-time job on the weekend at Red Rooster, Hungry Jacks, Woolworths, Coles, at the local delicatessen, or wherever it may be. I also know that they will probably be paying their way through university. There are probably university students who study like heck all week and, then, while the rest of us are enjoying the football or going out to family functions, they are working in a pub, or a restaurant, or a nightclub or whatever it may be. So please tell me this: if we are going to have a balanced argument, how is it fair when you consider what all of us in here had previously. And I don't think I am the only one who had to rely on penalty rates so I could live my Australian dream and buy my block of land. And how proud was I to get my first EJ station wagon, having wondered where the hell am I going to get 280 bucks for a car, but we managed to do it. Then I progressed to my Monaro, and that made me even happier. But I still for the life of me cannot see how it is fair for us sitting in this chamber and in the other chamber to say—to coin a phrase—now we are okay. We have our homes and probably most of us own our homes and have put our kids through university—or, in my fortunate position, my son followed in my footsteps as a truckie. But is it all right for us to get there now and pull the trapdoor up behind us, and say, 'It is all right for us, but you, the next generation, are not getting it'?

I really struggle with this argument. For the life of me I cannot understand the ridiculous argument where greed is okay if it is us. But all of a sudden we have gone to, 'We have it, so why should the next generation? Those employers really need a lift up.' If you want to give the employers a lift up, why don't you get fair dinkum? You tax the living bejesus out of them at every opportunity. From the time they wake up to the time they close their eyes at night they are battling red tape. They are battling taxes. This is just fairy floss. You can put as many hundreds and thousands on that sandwich, but it is still a you-know-what sandwich. *(Time expired)*
Question agreed to.

**Court, Mrs Margaret**

**Senator RICE** (Victoria) (15:30): I move:

That the Senate take note of the answer given by the Attorney-General, Senator Brandis, to my question without notice today relating to Mrs Margaret Court.

I was appalled that Senator Brandis was not condemning the hurtful and hateful comments of Margaret Court and her speaking at a Liberal Party fundraiser this evening, under the guise that he was condoning this as free speech. Free speech has its limits. It is not free speech when it is hurtful, harmful speech. It is damaging to young people. What Margaret Court has said should be absolutely condemned. To say that lesbian, gay, bisexual, and transgender young people were 'all the Devil', and equating accepting and supporting LGBTIQ young people with what Hitler did and with communism, and saying that there is a plot in our nation and the nations of the world to get in the minds of children—theese statements need to be condemned. They certainly should not be given a platform.

Not only did we have Senator Brandis saying that it was fine with him in the interests of free speech that she should say these things, but he did not condemn the fact that the Liberal Party, tonight, at a Liberal Party fundraising dinner, were going to give her a platform to say more things that would probably be very damaging, hurtful and harmful to young people. The coalition government in this place should be condemning such outrageous, damaging and hurtful statements.

It is so sad, because we know that there are significant members of the Liberal Party—I understand the Attorney-General to be amongst them—that do support the rights of LGBTIQ young people, that do support the rights of lesbian, gay and bisexual people to marry. But by not condemning these statements, by accepting that it is okay for the Liberal Party to give her a platform, the government is being held back from accepting LGBTIQ young people. We are being held back by the dinosaurs of this party, who are giving people like Margaret Court a platform to be bigots and to be hateful, hurtful and damaging to young people. What we need is for the Prime Minister, Mr Turnbull, who I understand is also supportive of LGBTIQ people and marriage equality, to show some leadership and to say, 'No, we are no longer going to be held back by the dinosaurs in our party—we are going to take a stand and stand up to those dinosaurs' and to drag his party into the future—to drag his party into the present—to drag his party into supporting what we know a significant number of members of parliament in the Liberal Party and a majority of the parliamentarians here and in the House accept, and what we know a majority of people in Australia accept—that love is love and in the interests of achieving equality for LGBTIQ young people who are lesbian, gay, bisexual and transgender should be able to marry the person that they love.

The Liberal Party, by continuing to condone the hateful views of people like Margaret Court by giving them a platform at a Liberal Party fundraiser, are just holding us back from where we know the Australian community is at. We know that if there were a free vote in this parliament we could achieve marriage equality tomorrow, but we are being held back by the dinosaurs that are putting on functions—Liberal Party functions!—for these hateful and harmful views to be heard, to be promulgated, to do damage in the general community and to hold back what we know is inevitable. We should be moving on with it. We need the Prime Minister and members of the Liberal and National parties who support rights for LGBTI
people to show some leadership and say: 'Enough is enough. These dinosaur views belong in the past.' We need to be moving forward and allowing love to flourish.

Question agreed to.

CONDOLENCES

Sciacca, Hon. Concetto Antonio 'Con', AO

The PRESIDENT (15:35): It is with deep regret that I inform the Senate of the death, on 21 June this year, of the Hon. Concetto Antonio 'Con' Sciacca AO, a former minister and member of the House of Representatives for the division of Bowman, Queensland, from 1987 until 1996 and again from 1998 until 2004. I call the Leader of the Government in the Senate, Senator Brandis.

Senator BRANDIS (Queensland—Attorney-General, Vice-President of the Executive Council and Leader of the Government in the Senate) (15:36): by leave—I move:

That the Senate records its deep sorrow at the death, on 21 June 2017, of Concetto Antonio (Con) Sciacca AO, a former Member of the House of Representatives for the division of Bowen and Minister for Veterans' Affairs, among other portfolios, places on record its gratitude for his service to the Parliament and tenders its profound sympathy to his family in their bereavement.

Con Sciacca's life was a great Australian story, a great Australian immigrant story. He was born in Sicily on 13 June 1947. At the age of four, Con, together with his family, followed a path familiar to many Italian Australians, leaving postwar Europe in the hope of securing a brighter future in Australia.

The Sciaccas settled in Queensland, where Con's father worked as a canecutter—another very familiar story for Australians of Italian heritage. Con always took immense pride in his Sicilian heritage, and in his maiden speech he told the story of his family and of others like them who had made the courageous journey to Australia in search of a better life. 'Like me,' he said:

Many of them are descended … from poor farming families. Their families, like mine, came to Australia with no knowledge of our language and, in fact, often unable to read or write even their own language. Their only material possessions were the clothes on their backs, but they brought with them the most valuable asset of all—a vision and a dream that through hard work, determination and tenacity they would succeed. Included in this dream was their firm belief that they could achieve for their children and for their grandchildren that which was not available to them in their own country, namely, equal opportunity—the same equal opportunity that Australians often take for granted.

What Con had so eloquently described in that maiden speech was the great Australian success story of so many migrant families, of which his life and that of his family serve as a shining example.

The political bug hit Con Sciacca very early in life. He joined the Queensland branch of the Labor Party's youth wing at the age of 17, and by 21 he had been elected state president of Queensland Young Labor. It was also at the age of 21 that Con made his first tilt at elected office, as the endorsed Labor candidate for what was then the safe Liberal seat of Mount Coot-tha in the Queensland parliament, at the 1969 Queensland state election. As Con recalled in his maiden speech, he had the rather unique distinction of casting his first ever vote in his own favour.
Between that first encounter with a ballot box and his eventual election to the House of Representatives, Con was admitted as a solicitor and built a large and successful legal practice in Brisbane, specialising in industrial law and general common law damages claims. I practised at the bar in those years, and I remember CA Sciacca and Associates was an extremely successful firm, with a very large following—a large union clientele but also a very large following among the Italian community.

In 1987, Con was endorsed for and then successfully contested the seat of Bowman at the July double dissolution election of that year, having defeated the sitting Labor member, Len Keogh, in the preselection. As he noted in his maiden speech, at the time he was elected he was only the second ever Italian member of this parliament. He was re-elected in 1990 with an increased majority, and thereafter appointed Parliamentary Secretary to the Minister for Social Security.

Tragedy struck the Sciacca family in 1992 with the death of their son, Sam, then only 19, from Ewing's sarcoma, a rare form of bone cancer. This was to have a profound effect on Con's life, prompting him to undertake a number of charitable projects aimed at raising awareness and assisting other families affected by cancer, including through the establishment of the Sam Sciacca Travelling Fellowship, which facilitated international health experts to visit Australia in order to present lectures on the latest developments in cancer research and technology. As Con reflected at the time: 'Sammy's death, something like that humanises you, brings you back to realise what is really important. It gave us back the old Labor spirit of mateship, that spirit that says when the chips are down you put aside your differences and help each other.'

At the March 1993 election, at which Labor's nationwide victory secured the Keating government's record fifth term, Con Sciacca was, once again, returned to parliament and served as Parliamentary Secretary to the Minister for Arts and Administrative Services. On 25 March 1994, he was promoted to the ministry, as Minister for Veterans' Affairs, succeeding former senator John Faulkner in that portfolio. In October 1995, he added to his portfolio responsibilities the role of Minister Assisting the Treasurer for Superannuation. At John Howard's landslide 1996 election victory, which saw Labor lose 29 seats, Con Sciacca lost Bowman to the Liberal Party's candidate, Andrea West. However, in 1998 he recontested the seat and successfully retook it, with a 4.2 per cent swing to the Labor Party.

Following an unfavourable redistribution, from the Labor Party's point of view, in Brisbane's eastern suburbs, Con Sciacca decided to leave Bowman and contest the newly created seat of Bonner in the 2004 poll—Bonner being named, of course, in honour of a former distinguished Liberal member of this House, the late Neville Bonner. Running against him was Ross Vasta, a fellow Italian Australian, who fondly recalls attending Italian parties in his youth with the Sciacca brothers. Con and Ross developed a friendship and a rapport during that election campaign that was unusual by the standards of modern-day political campaigning. Ross, now the member for Bonner, remembers receiving phone calls from Con in the final two weeks of the campaign, where they would compare notes on the day and, in particular, on how many postal votes each of them had received. It says volumes about the esteem in which Con Sciacca was held by the Italian community in Brisbane that, on polling day itself, Ross Vasta's father, Angelo, announced that he would feel unable to hand out Liberal how-to-vote cards for his son out of respect, he said, for the Sciacca family. I recall
being with Ross Vasta on the night that he won the seat from Con Sciacca in 2004. I was the patron Liberal senator for that electorate at the time. I remember being present when Ross received the phone call from Con Sciacca congratulating him on his victory. A more gracious and generous exchange is hard to imagine.

For Con, post-parliamentary life marked a new beginning. He continued his charitable works, and his spirit of community endured long beyond his time in this place. Indeed, it continued until his death only yesterday. In 2006 that community, public and political service was recognised by his appointment as an Officer of the Order of Australia. As recently as March 2014, Con took up a place as deputy chair of the Anzac Centenary Public Fund. Among the numerous accolades bestowed upon him, in addition to the Order of Australia, were the Order of Merit of the Italian Republic, the Order of the Lion of Finland and the Centenary Medal for service to the veteran community. He was also a life member of the Returned and Services League, a life member of the RAAF Association and a life member of the Naval Association of Australia.

Con's lifelong contribution to public service, to business and to the law reflects an inspiring commitment to Australian public life, to the very hopes and dreams to which his family aspired when they left war-torn Europe in search of a better future. For those who knew him best, Con Sciacca will be remembered as a beloved colleague and mentor, a generous friend with an infectious and at times wicked sense of humour and a man dedicated to his family, his party and his country.

I last saw Con Sciacca last year. We had a mutual friend in former senator Santo Santoro. Santo was indeed a very close friend and business partner of Con Sciacca's and saw him very often during the time of the illness which led to his death yesterday. At Santo's 60th birthday party last year, there were many speeches. It was a night of much mirth, much dancing, much high spirits and many, many speeches. One of the speeches was given by Con Sciacca. It was the last time I ever saw him, and I remember the joke he told. He observed that he was at an event surrounded by Liberal Party politicians and supporters, and he reminded people of a saying that he very frequently used: the worst Labor government is better than the best Liberal government. Then he paused and said, 'At least, I used to think that, until I saw the Rudd government!'

Con Sciacca was a good man who lived the Australian dream and did a very great deal for this nation. He will be dearly missed by his many friends, colleagues and professional associates but in particular, of course, by his wife, Karen; his daughter, Zina; his granddaughter, Grace; and his stepsons, Nicholas and Daniel. To them, on behalf of the government, I offer my sincerest condolences.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (15:48): I rise on behalf of the opposition to acknowledge the passing of a former minister and former member of the House of Representatives, the honourable Concetto Antonio Sciacca, AO, known to all of us as Con. Labor has lost one of our own. Not only do we extend our condolences to the family and friends of Con following his death, but the Labor Party shares, in some part, in their grief. Con Sciacca was a much-loved member of our party. A number of my colleagues will be speaking on this condolence motion to reflect some of their personal recollections of him.
He was a member of the House of Representatives for 15 years and a minister for six. His valuable contribution to our nation is undisputed. I served one term with Con Sciacca, and I remember him as being larger than life and a man full of humour. I also remember him as a man who loved this country, a great patriot. He was a mentor and friend to many, including those who serve in this parliament as well as a number of staff who worked with him. His contribution extended well beyond the political sphere.

He was a man who carried his heritage with pride, a man whose story expresses one of the great Australian narratives—the son of a father who left Sicily to cut cane so that his kids would have a better life, and a son who rose to be not only a member of this parliament but a minister of the Crown. Con Sciacca was born in Sicily in 1951 and, as my colleague Senator Brandis has said, he went on to be Australia's first Italian-born federal minister. He credited his tenacity and determination to his family roots and his upbringing. Various a bank officer and a solicitor, amongst other occupations, before entering politics, Con was elected to represent the division of Bowman in 1987. He was a member of the AWU and obviously was bitten by the political bug early. He first sought election to the Queensland parliament in 1969 after joining the ALP at the age of 17. He would go on to be re-elected in 1990 and 1993, followed by an interregnum between 1996 and his return in 1998, followed by a further victory in 2001 in the same election in which I entered this parliament.

In his first speech he reflected on his migrant journey and acknowledged how proud he was to represent the party that was, in his words, 'governing with compassion and authority, good sense and confidence'. He contrasted this with the performance of the National Party Queensland state government at the time—in particular, the contrast between what he saw as the draconian approach to the rights of working people being imposed by that regime and the cooperative and rational approach of the Hawke government. These themes of fairness for working people and the values brought by Con's multicultural background would dominate much of his career.

As the Labor government approached 1990, the leadership fissures between then Prime Minister Bob Hawke and his Treasurer began to escalate. As we all know, that came to a head in 1991. Con was a very strong supporter of Bob Hawke—one of his most loyal supporters—even when personal circumstances prevented him from being present for the final vote just before Christmas of that year that saw Paul Keating ascend to the Labor leadership and Prime Ministership. Bob Hawke had earlier appointed Con Sciacca to the position of Parliamentary Secretary to the Minister for Social Security. He went on to retain this post with the change of leadership and gathered a range of additional appointments on the way. He was then given the opportunity to serve as a minister for the first time.

It was as minister for Veterans' Affairs that Con Sciacca perhaps made his greatest impact and for which he is deservedly remembered. Appointed to the position by Prime Minister Keating in 1994, he played a key role in the Australia Remembers campaign in 1995 commemorating the 50th anniversary of the end of World War II. It is an initiative that earned him the thanks and respect of countless veterans. And I venture to suggest that it is still the benchmark for the respect we show those who served our nation.

The 1996 election that swept the Keating government from office took Con with it. Fortunately for him and for Labor he was returned in 1998 and would go on to hold the seat for another term in 2001. Under Kim Beazley he had responsibility for immigration and
multicultural affairs, a portfolio to which he was well suited because of his own heritage and as a strong supporter of Australia's great multicultural character. His defeat in 2004 contesting the new seat of Bonner, which Senator Brandis has spoken of, provided the opportunity for a second post-political life. He worked as a lawyer and partnered with former Nationals minister Larry Anthony in a consulting firm. He even opened a cafe, now run by his daughter, on the ground floor of the Brisbane building, where he kept an office.

I do want to return to the 1990s before I conclude, because in the midst of the leadership tussle about which I have spoken Con was engaged in a much more personal battle, which was his son's battle with cancer. Sam died at the age of 19, in 1992, of a rare form of bone cancer, Ewing's Sarcoma. Con's response was twofold. First he commissioned a book—Body and Soul: Children, Teenagers and Cancer—launched by the Governor-General, Bill Hayden, in 1994. Later he would set up a fellowship to enable experts to visit Australia to lecture health professionals on the latest developments in research and technology. When he was appointed an Officer of the Order of Australia in 2006, his service to cancer research institutions was acknowledged and he said it was an honour he would not have received had it not been for Sam.

He was a senior at St Joseph's Nudgee College and came home one day with a sore back. Seven months later, he was gone. I'm dedicating my award to my late son. Without him, I never would have got it.

Con Sciacca was a colourful, generous personality. He maintained wide friendships on all sides of politics. In May he gave an emotional interview to The Courier Mail. He said he was determined to celebrate his 70th birthday on 30 June, quipping, 'I'm looking to go out with a bang.' The succession of people who have visited him over the last few months is testament to the esteem with which he was held by so many.

Tributes have flowed since his death was announced. The Premier of Queensland has described him as 'a good friend, a mentor, a community champion and a true gentleman.' The federal Leader of the Opposition has acknowledged his unstinting support. And such remarks have been typical of those made in the last 24 hours.

Con lived a magnificent life, an Australian life, the life of a migrant, a man who was a patriot and, as I said, whose story speaks to one of the great narratives of our nation. That he was able to achieve what he did speaks volumes about our country. It speaks volumes about the opportunities we open and accept from migrants around the world. His achievements also reflect the immeasurable contribution made to our country by migrants.

Con Sciacca's service to our nation in our parliament and in the broader community was distinguished. His personal friendships extended across the political divide and demonstrate the regard with which he was held, and his passing is a source of profound sadness for many. So Labor extends our deepest sympathies following his passing to his family and friends and particularly his wife, Karen; daughter, Zina; granddaughter, Grace; stepsons Daniel and Nicholas; and the very many members of his family.

Senator FIERRAVANTI-WELLS (New South Wales—Minister for International Development and the Pacific) (15:56): I too rise to pay tribute to the life of a great Australian. Of course, my name is Concetta, and Concetto is the male of my name. Con was so proud of not just his Italian roots but his Sicilian roots. He would always tell you that, of course, there was a great difference. He was proudly born in Sicily on 30 June 1947 in a little village called Piedimonte Etneo and he migrated to Australia in 1951. Con and I shared many
parallels. The Attorney mentioned that his father came to Australia and was a cane cutter. My father came to Australia and was a cane cutter. We always talked and had the opportunity to talk about the parallels in our lives, and so it is probably with some emotion that I stand to pay this tribute.

Con, of course, died yesterday in, I have to say, probably the way he lived his life. All his family was around him. He had taken the last rites, and lots of family and lots of friends were around who had come to pay their respects, which is very, very typical of the tradition and particularly the tradition of Sicily. When he gave his maiden speech when he first came to this place, he talked about his family story and he talked in particular about his proud Sicilian heritage. Of course, he also used the opportunity to talk about the Italian community in Australia and its contribution.

He was the second-ever Italian-born member of parliament. He was the first Italian-born minister. From my perspective, I was the first female of Italian origin to become a minister in Australia, so I share the pride that he had when he did become a minister. I know that it was not just for him and for his family; it was for the whole Italian community.

His story was very much one of the migrant success story. So many people came from Sicily and left their country so that their children and grandchildren could be very successful. The Sciacca family was the embodiment of that. When he gave his maiden speech, he ended by saying, 'Despite the hard road behind me, I have never lost that tenacity and determination characteristic of the Sicilian race.' Of course that tenacity and determination was very, very evident, particularly as he fought his battle with cancer. As has been said, tragically his son died aged 19 of a rare and virulent bone cancer which usually strikes young people during their teenage years—Ewing's sarcoma. He later went on to do a lot of work in the cancer space but also, as Senator Wong has said, commissioning a book, Body and Soul: children, teenagers and cancer, in 1994 to help other families facing similar challenges.

One of the things that I want to put on the record and acknowledge was that Con always stood up for the Italo-Australian community at times when the community was criticised. I just went through some of the old clippings and came across this one in June 1993. The heading is: 'Australian Italians tired of the Mafia tag.' Con Sciacca was making some comments and talked about some of the things that he had been called. When you look at what happened then, and having been through this myself, and particularly when you look at what we see today and some of the issues that have been seen recently, particularly in Muslim communities, often communities and people in communities do get labelled negatively. What Con was talking about and talked about at that time is a very good example of what we too are seeing—often whole communities get tagged just because of the deeds of some rotten apples in those communities. Con was never backward in coming forward and standing up for the community that had helped him so much to get there.

He did break new ground when he became the first Italian-born government minister in Australia. He jokes about having become Minister for Veterans' Affairs. Rather than getting upset over Italian war jokes, as one article said, he decided to get ahead. We know that he was so successful as Minister for Veterans' Affairs and he was so proud to have become Minister for Veterans' Affairs. I will come back and make some comments on that in a moment.

I was present when Con became commendatore. He had previously been honoured by the Italian government. Both of us proudly held the title of Knight of the Order of Merit of the
Italian Republic. Con, having become a minister before me, became a commendatore before me. I was there the day that he got his commendatore at Circular Quay. It was a great day, when we all celebrated with him.

The legacy that Con has left is very much from the time when he was Minister for Veterans' Affairs. There was a piece written in *The Age* in August 1995. It talked about the work that Con had done as Minister for Veterans' Affairs. He became the first Australian politician and one of the few non-veterans to be awarded honorary life membership of the RSL. He was quoted in an article in September 1995:

> Mr Sciacca said the award was particularly significant for him because he had been born in a wartime enemy country, Italy, and had arrived in Australia as a four-year-old immigrant. "In my culture we revere old people and when I got the opportunity to do something to recognise the contribution of this generation I jumped at it. This was a great generation of Australians and we had to tell them how much we appreciate them. I was fair dinkum about that and I think they can tell when someone is fair dinkum," he said.

He was very fair dinkum about this. When he addressed the New South Wales RSL, after he had given his address, apparently he thought that people were booing him. He was a bit perturbed by this. This is in an article in August 1995:

> "They're not booing you, Minister," the president whispered.
> "That's the ninth division's battle cry. They reserve it for their generals."

The article goes on to say how emotional Con felt, because of his history and because of the work that he did. He was very committed to his work as Minister for Veterans' Affairs. I remember one time we were in Sicily attending a conference when he was minister, and we all stopped for Anzac Day. It was a very emotional time.

I cannot help but quote this article from *The Courier Mail* of 23 October 2004. Con was defeated, as the Attorney said, for the seat of Bonner:

> … but, in usual style, offered some "friendly advice" to his former leader.
> Mr Sciacca warned Mark Latham not to become a victim of factions and not to allow the party to move towards the left.
> "Do not let the Labor Party lurch or have a perception of it lurching to the left," Mr Sciacca said. "A left-leaning Labor Party, in my view, in modern-day politics in Australia is not electable. You should always try to keep that middle of the road."

I thought I would quote that today. But, as has been said, he then, post politics, went on to have another very successful career. My mother-in-law lived on the Gold Coast, and Sciacca and Sciacca was one of those law firms that were everywhere in Queensland, even on the Gold Coast, so there was a local branch even where my mother-in-law lived.

I conclude by offering my condolences to his wife, Karen, to his daughter, Zina, and to all the Sciacca family and friends. I know that I speak on behalf of the entire Italo-Australian community in paying tribute to a man who did our community proud. Vale, Concetto Sciacca.

Senator KETTER (Queensland) (16:08): I rise to pay my respects to Con Sciacca, who, as previous speakers have said, was born in the Sicilian village of Piedimonte Etneo and travelled to Australia at the tender age of four with his parents and brother, Joe, in 1951. As others have indicated, Con gave lifelong commitment to the Labor Party. That commenced very early in his life, at the age of 17, and he became president of Young Labor, as has
already been said. From those humble beginnings Con went on to become a revered elder statesman of the Labor Party in Queensland and a friend and mentor to many.

A lawyer by profession, Con had a great respect for the law and the institution of the law. His legal practice in Brisbane was renowned for its industrial work. His work in industrial law, workers compensation and common-law damages claims brought him into direct contact with the trade union movement and its members, which is how I first came to know Con. His work gave him an appreciation of the day-to-day problems which workers face in their workplaces. In the early 1980s Con was one of the pioneers of the practice of providing a free first legal consultation to injured workers. He did this out of a genuine concern for the plight of working people, who are often denied access to justice.

As has been said, Con was elected in 1987 as the member for Bowman. Whilst people have commented on the fact that he was the second ever Italian-born member of this parliament, he was the very first Sicilian-born member of this parliament. As a new Australian, immigration and ethnic affairs were a part of his heritage and matters about which he was always very passionate. In his first speech he said:

Australia has come a long way from the days of its White Australia policy. This policy was effectively traded in for a multicultural Australia for unashamedly practical reasons after the Second World War. Only the most narrow-minded person would now deny the success of multiculturalism and the contribution made to Australia, both economically and culturally, by migrants of all nationalities.

As already commented on, Con was Minister for Veterans' Affairs from 1994 to 1996. He often said to me that one of his proudest achievements was the Australia Remembers program to commemorate the 50th anniversary of the end of World War II. For many years after that veterans around Australia sang his praises for the respect and support that he extended to them. In March 2014, Con took up his place as deputy chair of the Anzac Centenary Public Fund. In 2006 Con was appointed an Officer of the Order of Australia. Senator Wong referred to the fact that he dedicated that award to his son, who passed away tragically at the age of 19. I will not say much more about that, but I know that for many years after the death of his son Con felt the loss very deeply. He was very emotional about that. He left no stone unturned at the time to look for cures for Sam, including a visit to Lourdes.

Con valued loyalty above everything else, and he was a strong supporter of Kim Beazley. As one of his principal backers, Con was reportedly so angry about the way his Canberra housemate Gavan O'Connor supported Mark Latham that he moved out of their shared flat and into a hotel. There was much fuming about 10 years of friendship meaning nothing. But, it is reported that over coffee at Aussies the two apparently made up and their shared flat was booked again for their return to Canberra when parliament resumed the following year. When Con lost his seat in the 2004 elections he reportedly said:

I'm 57—hardly an old man, I suppose … I got defeated in 1998 and I came back in 2001. But there'll be no comebacks this time. I'm exiting, if you like, very gracefully out of political life.

Con continued to show a strong interest in the Labor Party and turned his attention to his legal practice, his consultancy and his beloved Italian restaurant Alimentari. He had his special chair and table in the restaurant and I was privileged to lunch with him on a number of occasions and to be served with wonderful food and be regaled with sound advice and entertaining anecdotes. I valued Con's advice, which was always from the heart and often pithy, direct and sometimes colourful. As has been indicated, Con was honoured by the Italian
and Finnish governments with some of their highest honours. None of these honours or the high offices that Con held ever went to his head as he never forgot his humble beginnings and always had the best interests of ordinary working people at heart.

Con battled cancer for the past three years but was determined to see his 70th birthday. And he did. After a three-week stay in the palliative care ward, Con was able to celebrate his 70th birthday last week with his family, including his younger brother Joe, who turned 67 on the same day. As Senator Wong has said, Con is reported to have said, 'I'm looking to go out with a bang!'

Con was a larger-than-life figure who was very respected in Brisbane society but often depicted by cartoons in The Courier Mail in Sicilian garb with a violin case. But that was always taken with good humour. He was a one-of-a-kind political giant, successful businessman, restaurateur, raconteur and cigar-munching larrikin who revelled in his Sicilian heritage and loved this country. He will be greatly missed by his family and many friends and colleagues across the political divide. My sincere condolences go to his wife, Karen, to his daughter Zina and granddaughter Grace and to his step-sons Nicholas and Daniel. Rest in peace, Con Sciacca.

Senator CHISHOLM (Queensland) (16:14): Con Sciacca: friend, mentor, successful politician, lawyer, businessman, failed punter, failed racehorse owner, failed greyhound owner, restaurateur, raconteur. The three words that always come after Con's name are 'larger than life', and I think just about everyone has used them today. I have never met a Labor person who was better company than Con. If you got that phone call from him or his diary person to say 'Con wants lunch', you cleared your diary, you blocked out the rest of the day, because you knew you were in for a very entertaining day—not always politically correct but with plenty of colour and always good fun.

Con's passing is being acknowledged by all sides of politics and, indeed, people in all walks of life. What I believe is the essential element of his character that has led to this is his generous heart. It really pained Con to say no to anyone. I think that is what made him such a good friend and a good politician but probably what made him a bad punter and racehorse owner. One memory I have of Con was meeting him for lunch after he had lost Bonner in 2004. He had a lot more time on his hands for entertaining and he was happy to take a young political activist, particularly one from the Right of the party, under his wing. His regular haunt in those days was Il Centro, and anyone who knows anything about Brisbane restaurants knows that is the place where Con used to go. Later in the afternoon, Con, in a panic, said: 'What's the time? I've got a dog racing in 10 minutes. Where's the nearest TAB?' Being, at the time, a young person who used to frequent some of the establishments around the town, I quickly led him to the Victory Hotel. Thinking, 'Oh well, Con's putting some money on this dog; I'd better put some money on too,' I got out 10 bucks. Con got out his role of hundreds and started peeling them off to put money on the dog. The dog was called 'Bonner Blitz'. This was after Con had lost, so it was bringing up some bad memories for him, and he told the story of the dog: 'Well, the person who trains the dog, they rang. I can't say no to them, so I bought the share.' So we put our money on this dog. Con put a few hundred on. I put my 10 bucks on. The dog ran stone motherless last!

But that day was not a complete failure, because what also happened, which not many people know, is that Con ran into a lady called Karen, whom he subsequently went on to
marry and who has been caring for him in recent months. So, whilst the dog was a failure, the visit to the Victory was not. Con was not the first person to find love at the Victory, but normally they are 18- or 19-year-olds. I think for someone Con's age it was a bit of a rarity.

A few people have mentioned that Con had a number of attempts at entering parliament, but probably the one for which he is most famous in Queensland Labor history was his effort to win the state seat of Redlands, which was within the federal seat of Bowman, which he later won. In a mighty preselection challenge he saw off the then state secretary, Peter Beattie, who was desperate to get into parliament. There were accusations of branch stacking and whatever else—none of which went on in the Queensland Labor Party at the time!—but Con managed to win that preselection and go on to contest the seat. Unfortunately—or fortunately, depending on your view—he lost the seat at the 1986 election. There was a time when Peter Beattie was complaining heavily that Con had moved a motion at the admin to have him gagged as state secretary—and, having been in that job, I know how hard it would be to do if you were gagged. Such was the bitter rivalry at the time that exemplified the wounds that stemmed from intervention. But, in true Con style, he and Peter Beattie became great mates and remained great mates until Con's sad passing.

As was often the case, Con dusted himself off, got back up and contested another preselection the following year, where he defeated Len Keogh, who was the sitting Labor member for Bowman and well regarded. I have spoken to Peter Shooter—who Senator Moore, who is in the chamber, knows—who was involved in that preselection. To win, Con needed cross-factional support, and the Left rallied behind him. He won the preselection. That was controversial at the time, because Con was, as many people know, a conservative member of the Labor Party, but the Left of the party saw great merit in his advocacy. Obviously, the Labor Party in Queensland was quite Anglo at the time, so having a multicultural voice was very important for us. I spoke to Peter Shooter before I came in today, and he said that not once did he regret that decision for the Left about Con, because he did make such a great contribution.

But, as we know, when you get elected to caucus, there are some people who have long memories and are very loyal to previous members. Con turned up at the now Old Parliament House, very keen, and he quickly got shafted into the worst office there, which he claimed was basically a broom cupboard. And he used to smoke like a brown log. He had a junior staffer at the time called Mike Kaiser, who almost died of smoke inhalation in that small office! I remember other stories from Mike about working for Con at that time. I think Con had a unit out at Queanbeyan, and he was known for having a fantastic video collection that I think he might have picked up from Fyshwick that was very popular with some of the young Labor members at the time! Con was always very colourful in terms of his behaviour.

He very quickly became influential in caucus affairs. No-one was ever uncertain about who he supported in leadership ballots in particular. He was a very strong supporter of Prime Minister Hawke and then subsequently Kim Beazley. As Senator Ketter alluded to, Con was always someone who wore that on his sleeve. I think it is important to note, though, that despite this, it was actually Prime Minister Paul Keating who promoted him to the ministry. A number of people here have spoken about his work with Australia Remembers as the veterans' affairs minister. He still is recognised in RSL clubs and the veterans community across Australia for his work during that time.
As I mentioned, I got to know Con more after he lost the seat of Bowman, when he had more time for hosting his legendary lunches, which were first at Il Centro and then later at his own restaurant, Alimentari. In my first speech I mentioned how I was named after Anthony Porter. Con's original business partner in Alimentari was David Porter—I was named after his brother. David reports two things about being in a restaurant with Con. Firstly, it was one of the greatest adventures of his life. Secondly, it was one of the poorest financial decisions he ever made, because Con was the best customer at his own restaurant. But it was always great to see Con there, in his element. He thought it was a little part of Italy that he had brought with him from his childhood and it was something that he was very proud of—as well as the role his family played in that restaurant.

I will finish on this. Con was also a very sentimental person, and he was certainly impacted by the passing of his son, Sam, in 1992. I recall that in 2014, which would have been one of the last times I had lunch with him—actually, I was meeting him for a coffee, but he asked me to stay a little bit longer because he had Ted O'Brien coming in, and Ted had just been elected too, as the member for Fairfax in the other house. The reason Ted O'Brien was coming to have lunch with Con that day was that, in Sam's year at Nudgee college, Ted O'Brien was the school captain, and once a year, on the anniversary of Sam's passing, Con had dinner with Ted O'Brien and a number of the other boys who were in that class. I think that shows where Con's heart lay, and how much Sam meant to him. I know that in this place we all have different beliefs, some are religious, some are not, but I hope we can all have an image of Con with his arm around Sam, catching up on the last 25 years.

Question agreed to, honourable senators standing in their places.
COMMITTEES
Appropriations, Staffing and Security—Standing Committee
Broadcasting of Parliamentary Proceedings—Joint Statutory Committee
Economics References Committee
Education and Employment References Committee
Finance and Public Administration References Committee
Foreign Affairs, Defence and Trade Joint Standing Committee
Foreign Affairs, Defence and Trade Legislation Committee
Foreign Affairs, Defence and Trade References Committee
Legal and Constitutional Affairs References Committee
Select Committee on Lending to Primary Production Customers
Joint Standing Committee on Migration
Parliamentary Library—Joint Standing Committee
Publications—Standing Committee
Royal Commission into Institutional Responses to Child Sexual Abuse—Joint Select Committee
Rural and Regional Affairs and Transport Legislation Committee
Rural and Regional Affairs and Transport References Committee
Joint Standing Committee on Trade and Investment Growth
Joint Standing Committee on Treaties

Membership
Senator CANAVAN (Queensland—Minister for Resources and Northern Australia)
(16:24): by leave—I move:
That senators be discharged from and appointed to committees in accordance with the document circulated in the chamber.
Appropriations, Staffing and Security—Standing Committee—
Discharged—Senator Back
Appointed—Senator Smith
Broadcasting of Parliamentary Proceedings—Joint Statutory Committee—
Appointed—Senator Farrell
Economics References Committee—
Appointed—
Substitute member: Senator Rice to replace Senator Xenophon for the committee's inquiry into toll roads
Participating member: Senator Xenophon
Education and Employment References Committee—
Appointed—

CHAMBER
Substitute member: Senator Rhiannon to replace Senator Hanson-Young for the committee's inquiry into penalty rates and the provisions of the Fair Work Amendment (Pay Protection) Bill 2017

Participating member: Senator Hanson-Young

Finance and Public Administration References Committee——
Appointed——
Substitute members: Senators Dodson and McCarthy to replace Senators Kitching and Singh for the committee's inquiry into the Community Development Program

Participating members: Senators Kitching and Singh

Foreign Affairs, Defence and Trade—Joint Standing Committee——
Discharged—Senator Back
Appointed—Senator Smith

Foreign Affairs, Defence and Trade Legislation Committee——
Discharged—Senator Back
Participating member: Senator McKenzie
Appointed—Senator McKenzie
Participating member: Senator Back

Foreign Affairs, Defence and Trade References Committee——
Discharged—Senator Back
Participating member: Senator McKenzie
Appointed—Senator McKenzie
Participating member: Senator Back

Legal and Constitutional Affairs References Committee——
Discharged—Senator Dodson
Participating member: Senator Kitching
Appointed—Senator Kitching
Participating member: Senator Dodson

Lending to Primary Production Customers—Select Committee——
Discharged—Senator Back
Participating member: Senator Smith
Appointed—Senator Smith
Participating member: Senator Back

Migration—Joint Standing Committee——
Discharged—Senator Back
Appointed—Senator Reynolds

Parliamentary Library—Joint Standing Committee——
Discharged—Senator Back
Appointed—Senator Williams

Publications—Standing Committee——
Discharged—Senator Back
Appointed—Senator Bushby
Committees

Publications Committee Report

Senator SMITH (Western Australia—Deputy Government Whip in the Senate) (16:25): At the request of the Chair of the Publications Committee, I present the seventh report of the Publications Committee.

Ordered that the report be adopted.

Joint Standing Committee on Electoral Matters Report

Senator SMITH: I present the third interim report of the Joint Standing Committee on Electoral Matters on the inquiry into the conduct of the 2016 election, AEC modernisation.

Ordered that the report be adopted.

Privileges Committee Report

Senator URQUHART (Tasmania—Opposition Whip in the Senate) (16:25): I present the 165th report of the Senate Standing Committee of Privileges, entitled Persons referred to in the Senate: Mr Jamie Ware, Board Chair, Redlands College.

Ordered that the report be printed.

Ordered that the report be adopted.

Senator URQUHART: by leave—The report I have presented concerns an application from a person to the Standing Committee of Privileges for the publication of a response to a reference about members of an organisation by a Senator. The committee has recommended to the Senate that a response, in the terms included in the report, be incorporated in Hansard.

The response can be read on the final page of this Hansard.

CHAMBER
Rural and Regional Affairs and Transport References Committee

Report

Senator URQUHART (Tasmania—Opposition Whip in the Senate) (16:26): At the request of Senator Sterle, I present an interim report of the Rural and Regional Affairs and Transport References Committee on biosecurity risks associated with the importation of seafood and seafood products into Australia together with the Hansard record of proceedings.

Ordered that the report be printed.

Senator URQUHART: by leave—I move:

That the Senate adopt the recommendation contained in the interim report to extend the time for the presentation of the report of the committee to 7 December 2017.

Question agreed to.

Foreign Affairs, Defence and Trade References Committee

Report

Senator URQUHART (Tasmania—Opposition Whip in the Senate) (16:27): I present the interim report of the Foreign Affairs, Defence and Trade References Committee on the matters raised by New South Wales Police Strike Force CIVET, together with the documents presented to the committee.

Ordered that the report be printed.

Ordered that the report be adopted.

BILLS

Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017

Commercial Broadcasting (Tax) Bill 2017

First Reading

Bills received from the House of Representatives.

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (16:28): 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 CANAVAN (Queensland—Minister for Resources and Northern Australia) (16:28): 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—

BROADCASTING LEGISLATION AMENDMENT (BROADCASTING REFORM) BILL 2017
Australian media organisations play a pivotal role in our society, reflecting and representing Australian culture, informing local communities, and supporting our democratic processes. We've come to expect a lot of our media outlets, and the mastheads and networks we've grown up with are ingrained in our daily lives: at work, at home, and on the go.

But these organisations are under real pressure. Broadcasters and publishers are operating in an increasingly challenging environment, with intense competition for audiences and advertising revenue from other media companies, including online and on-demand operators and foreign technology companies.

The regulations governing our media companies don't allow them to meet these challenges on a level playing field. Figuratively speaking, they are in a fight with one hand tied behind their backs. Reform is essential if these companies are to have a future, and the Government is committed to implementing the necessary change.

The Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 contains a number of key elements of the Government's Broadcasting and Content Reform Package, which was announced on 6 May 2017. The Package represents an integrated set of reforms intended to modernise media regulation and help position the Australian media industry to deal with existing and future challenges more effectively.

The Package has the unanimous support of all sectors of the media industry and they consider it to be vital to their longevity and viability. It upholds important policy objectives, including protecting children from exposure to gambling advertising, supporting the creation of high quality Australian content and ensuring that the value of spectrum – an important public resource – is realised. However, it also removes regulatory barriers and burdens that achieve little from a public policy perspective and undermine the sustainability of Australian media organisations.

The Bill is being introduced today alongside the Commercial Broadcasting (Tax) Bill 2017, which will introduce a tax on the use of broadcasting spectrum. The commencement of the Tax Bill will be contingent upon the enactment of this Bill to ensure that these important reforms are implemented as a cohesive package.

A number of other measures forming part of the Package will be implemented through their own legislation and processes, including further restrictions on gambling advertising in live sporting events across all platforms, a comprehensive review of Australian and children's content and funding to support the broadcasting of under-represented, niche and women's sports. They are nonetheless an important part of the Government's overall reform agenda being put before the Parliament today with this Bill.

I now turn to the substantive measures in the Bill.

Broadcasting licence fees are a relic of an era of analogue media regulation. They were introduced when commercial broadcasters were in a privileged position to provide media content and there was limited demand for spectrum.

Today the opposite is true. Commercial television and radio broadcasters compete with a range of subscription and digital providers for audiences and advertising dollars.

Broadcasting revenues are flat or declining in real terms as online and on-demand services draw audiences away from traditional broadcast content. Simultaneously, costs are rising, and the capacity of broadcasters to contain further cost growth will be limited given the need to invest in programming and technology across multiple media platforms.

Licence fees and datacasting charges have no place in a modern regulatory framework for our media. The Bill will repeal these unwarranted taxes, starting with the payments that would otherwise be due in December 2017. In their place, the Government will introduce a transmitter licence tax for the spectrum
in the broadcasting services bands to better reflect its use through the Commercial Broadcasting (Tax) Bill 2017.

The introduction of a transmitter licence tax and the abolition of broadcasting licence fees and datacasting charges will result in the vast majority of broadcasters paying considerably less in terms of their overall fee and tax burden. This relief will enable broadcasters to better compete with online competitors, invest in their businesses and produce Australian content.

However, a small number of broadcasters will face a net increase in overall charges. The Government will support these broadcasters to ensure that they are no worse off by providing a five year transitional support package.

The five year transitional support package will provide financial relief up to 30 June 2022. It supports 19 individual commercial broadcasters to transition to the new spectrum tax model and help optimise their business structures and support growth over the medium to long term.

Funding for the transitional support package has been set aside in the Budget. The proposed legislation identifies these particular broadcasters and establishes an annual entitlement to payment of a set amount subject to straightforward spend and reporting conditions and the company not having opted out. Identifying these broadcasters provides certainty of the support. The support package totals $4.6 million per year.

As a part of this package, the legislation will require the ACMA after 30 June 2019 to undertake a review and report on whether the new tax law should be repealed or amended on or before 1 July 2022. The ACMA will consult on the review, enabling broadcasters to input into the development of future tax arrangements. The report would be tabled in Parliament.

This review will be a valuable input into future spectrum taxing arrangements. In the meantime, the Government's policy is that broadcast spectrum taxes remain stable for the next five years to provide certainty. The Government acknowledges industry's desire for certainty beyond this period. While the broader spectrum management framework may change, this Government does not expect large increases in taxes for broadcast spectrum.

As I mentioned previously, it is important for all of the Government's media reforms to progress as a unified package. Only together can these reforms provide greater freedom and flexibility to the Australian media, so that they can configure their businesses in ways that support their ongoing viability. That is why this Bill includes the changes to the media control and ownership rules that are currently before the Senate in the Broadcasting Legislation Amendment (Media Reform) Bill 2016.

Our media ownership laws are outdated and need to be reformed in order to unshackle Australia's media industry and enable it to respond to intensifying competition. The Bill will repeal two control and ownership rules that no longer make sense in the digital media environment: the '75 per cent audience reach rule' and the '2 out of 3 cross-media control rule'.

The '75 per cent audience reach' rule prohibits a person, either in their own right or as a director of one or more companies, from being in a position to exercise control of commercial television broadcasting licences whose combined reach exceeds 75 per cent of the Australian population. The rule is redundant and does little to support media diversity. Audiences across the country receive essentially the same broadcast content due to affiliation agreements between the metropolitan and regional networks, and all three metropolitan television broadcasters and ABC stream some or all of their channels online to 100 per cent of the population. A merger between a metropolitan and regional commercial television network would effectively result in the replacement of one media 'voice' with another, with no diminution of diversity in these areas.

The Bill also abolishes the '2 out of 3 cross-media control rule' that prevents a person being in a position to exercise control of more than two of the three regulated traditional platforms in any one commercial radio licence area.
The rule has little impact in terms of supporting diversity in regional and remote markets as there is no associated newspaper operating in the majority of these areas, and many cross media transactions would be prevented by the ‘5/4 rule’. This rule provides that at least five independent media groups must at all times be present in metropolitan commercial licence areas and four such groups in regional commercial radio licence areas, and will not be altered by this Bill. Any consolidation that may arise from the removal of the ‘2 out of 3 rule’ would therefore be limited to the metropolitan and larger regional markets, where diversity issues are unlikely to arise given the greater numbers of media outlets in operation.

It needs to be remembered that online media is no longer viewed as something distinct from the more traditional media platforms. Audiences in Australia and overseas now discover and access news from multiple sources across a range of media platforms, including online, social media, television, radio and newspapers. It is no longer appropriate that commercial television, commercial radio and associated newspapers be restricted by this rule when unregulated platforms are free to consolidate and adapt their businesses as much as they see fit, subject to wider considerations like competition rules.

Removing these rules will enable media companies to consolidate and build integrated media companies on a larger scale. This reality is widely acknowledged across the media industry and the Bill has been developed following extensive consultations with the parties, including regional and metropolitan broadcasters who strongly support the package.

The remaining media control rules: the 5/4 rule, and the one-to-a-market rule and two-to-a-market rules (which provide that a person, either in their own right or as a director of one or more companies, must not be in a position to exercise control of more than one commercial television licence in a licence area, or more than two commercial radio licences in a licence area), will be retained. Media transactions will also continue to be subject to scrutiny under the Competition and Consumer Act 2010 and the Foreign Acquisition and Takeovers Act 1975.

These two ownership and control rules are working as handbrakes on the ability of Australian media companies to remain viable and competitive. A failure by the Parliament to support their repeal would leave our local media companies hamstrung by redundant rules from a pre-internet era.

The Bill also includes a range of measures to ensure the availability of local content in regional areas and strengthen links between local content and the communities it is broadcast to. In the absence of regulation, the high costs of local content production and the structural changes underway in the media more broadly will create incentives for broadcasters to achieve efficiencies, placing pressure on the continued supply of local programming at current levels.

Currently, the Broadcasting Services Act 1992 requires regional commercial television licensees in certain types of markets to provide local content – termed material of local significance in the Act – within specified areas. Under the current arrangements, regional commercial television licensees in aggregated markets and Tasmania are required to provide approximately 120 points of material of local significance per week to local areas within the licence areas.

Material of local significance is material that is broadcast to a local area and relates directly to either the local area or the licence area. The aggregated markets comprise Northern New South Wales, Southern New South Wales, Regional Victoria and Regional Queensland.

The Bills will extend and increase local content obligations for regional commercial television licensees where there is a ‘trigger event’. The new obligations will apply to regional commercial television broadcasting licences which, as a result of a change in control, become part of a group of commercial television broadcasting licences whose combined licence area populations exceed 75 per cent of the Australian population. The additional local content obligations will commence six months after the Bill receives Royal Assent.

The requirement for the licensee to be part of a commercial television group that reaches over 75 per cent of the population ensures that the additional local content obligations are only ‘triggered’ after the
licensee is in a position to benefit from the additional scale and efficiency that the media reforms will allow.

Under the *Broadcasting Services Act* and *Broadcasting Services (Additional Television Licence Condition) Notice 2014*, local programming targets are currently expressed as 'points' where each minute of material of local significance is worth one point, and each minute of news that relates directly to the local area is worth two points.

Where a trigger event takes place the Bill will:

- increase local programming requirements for regional commercial television licensees in aggregated markets and Tasmania that are subject to a trigger event by 30 points per week;
- introduce new local programming requirements for regional commercial television licences in non-aggregated markets that are subject to a trigger event. The Bill will require licensees to provide approximately 60 points of material of local significance per week to each local area; and
- introduce an incentive for local news to be filmed in the local area. To achieve this, the Bill introduces a new three point category under the local programming points system for licences affected by a trigger event.

The additional obligations are aimed at ensuring that there is a local content obligation in nearly all regional licence areas following a change in control, including those where there is none currently. Where there is no trigger event, existing local content obligations for aggregated markets will continue to apply.

**Anti-siphoning**

The effects of Australia's outdated legislative framework for media extend to the regulation of broadcasting through the anti-siphoning scheme. The anti-siphoning scheme was established in 1994, and regulates the acquisition of broadcast rights for sporting and other events of cultural significance or national importance.

It seeks to ensure that events on the 'anti-siphoning list' remain freely available to Australian viewers. While the Government continues to support the principle that nationally significant events should be available on free-to-air television, the anti-siphoning scheme is outdated and needs reform to better reflect today's media environment.

The Bills will remove the 'multichannelling rule', which prevents free-to-air broadcasters from televising events first, or exclusively, on their digital multichannels. The rationale behind the introduction of the rule in 2006 was to prevent consumers who had yet to make the switch to digital television, or those living in areas where digital television was yet to be rolled out, from being disenfranchised by events being televised on digital-only channels which they were unable to receive.

With the completion of digital switchover in 2013, this rule is now redundant. Repealing the multichannelling rule will provide flexibility for free-to-air television broadcasters to optimise television coverage of listed events to the benefit of audiences across the country.

The period from which events are automatically removed – or delisted – from the anti-siphoning list will be extended from 12 to 26 weeks. This will ensure the automatic delisting period is better aligned with the commercial reality of rights acquisition, where the bulk of major sports rights contracts are settled between six months and two years from the commencement of the first event to be played as part of a competition or tournament.

This will still ensure that free-to-air broadcasters retain the opportunity to acquire sports rights first, while providing greater opportunities for subscription broadcasters to acquire rights where free-to-air broadcasters don't intend to do so.

The Bill will also rationalise the number of events contained in the current anti-siphoning list through amendments to the *Broadcasting Services (Events) Notice (No. 1) 2010*. 

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**CHAMBER**
The current list is excessively long, encompassing between 1,200 and 1,300 events per year. The Bills will remove those events where the history of right's acquisition by broadcasters and audience viewing patterns no longer warrant their inclusion on the list.

Most of those events coming off the list are those which are no longer broadcast on free-to-air television, garner small audiences, or are events where the relationship to Australia is remote or non-existent (i.e. FA Cup Final and the US Masters golf).

Iconic events such as the Olympics, the Commonwealth Games, all AFL and NRL Premiership matches (including finals), the Bledisloe Cup, international cricket matches played in Australia along with Ashes test cricket matches, the Australian Formula One Grand Prix, the Australian Open tennis, the Melbourne Cup, the semi-finals and finals of the Netball World Cup involving the senior Australian representative team and the Bathurst 1000, will remain on the list.

Importantly, this does not mean that events that are not on the list will necessarily end up on subscription television. There are currently events that are broadcast on free-to-air television that are not, and have never been, on the anti-siphoning list.

The suite of changes to the anti-siphoning scheme will enable it to operate more effectively in a digital media environment while ensuring that events of national and cultural significance continue to be available on free-to-air television.

As I've already alluded, the Australian media industry is at a crossroad. It is incumbent upon the Parliament to ensure the industry isn't tethered to an outdated analogue regulatory framework that no longer serves a policy purpose and does nothing other than hold this important Australian industry back.

The measures contained in this Bill represent a comprehensive set of reforms. They give our traditional media operators the flexibility to grow and adapt in the changing media landscape, invest in their businesses and in Australian content, and better compete with online providers.

These reforms have the unanimous support of industry and are the end result of extensive consultation with the sector. It is a package that is unabashedly and unashamedly pro-Australian media.

The Government has done its part by taking media reform out of the long grass and bringing forward a comprehensive and holistic package. The industry has done its part by engaging constructively and in good faith to help shape this package. Each part of the industry has shown leadership by putting their own legitimate commercial self-interest to one side to come together in recognition that this package as a whole delivers substantial and important benefits to the entire sector.

It is now time for the Parliament to do its part. To put an Australian industry and Australian jobs above partisanship and politics. To secure a strong and viable future for an industry that not only makes an important economic and cultural contribution, but serves as a vital underpinning of our democracy.

To seize this historic opportunity to deliver comprehensive and holistic reform for the Australian media industry to ensure that those strong Australian voices continue.

I commend the Bill to the Chamber.

COMMERCIAL BROADCASTING (TAX) BILL 2017

The Commercial Broadcasting (Tax) Bill 2017 implements a key component of the Government's Broadcasting and Content Reform Package – the introduction of tax on the use of broadcasting spectrum. Along with the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 (the Broadcasting Reform Bill), this Bill will help to modernise media regulation and position the Australian media industry to deal with existing and future challenges more effectively.

With the abolition of broadcasting licence fees and datacasting charges contained in the Broadcasting Reform Bill, the new taxation arrangements in this Bill will provide significant overall fee relief for broadcasters as part of an integrated package of reforms. This relief will enable broadcasters to better compete with online competitors, invest in their businesses and produce Australian content.
The Bill recognises that spectrum is a valuable resource, essential to a digitally networked economy and a critical enabler of services. Like all scarce public resources, it needs to be managed and its commercial value recognised. The Bill balances industry concern about remaining competitive, the obligations placed on them by government, and the need to value spectrum appropriately. These tax arrangements complement the longer term reform to the spectrum management framework the Government committed to in the 2015 Spectrum Review.

Importantly, the Government Broadcasting and Content Reform package — including the new spectrum tax — has the unanimous support of all sectors of the media industry. To ensure these important reforms are implemented as a cohesive package, the commencement of this Bill will be contingent upon the enactment of the Broadcasting Reform Bill.

I now turn to the substantive measures in this Bill.

Spectrum tax

The new tax structure set out in this Bill is intended to provide certainty to broadcasters while the Government implements longer-term reform to the spectrum management framework. The Bill is intended to implement key reforms in the overall media package. As such, the tax, as proposed under this Bill, would come into legal operation on 1 July 2017, but only if the Broadcasting Reform Bill is also passed and receives the Royal Assent. In the event the Bill is not enacted by 1 July 2017, the tax will come into effect from that date on a retrospective basis. The retrospectivity of the tax in that event ensures that it is payable from the commencement of the 2017-18 financial year and is consistent with the removal of the existing apparatus tax imposed on broadcasters and the abolition of broadcasting licence fees and datacasting charges, as proposed by the Broadcasting Reform Bill. This is intended to provide for a clean switchover from the old fee and tax arrangements to the new tax structure.

The Bill sets out upper caps for the tax which are based on classes of transmitters, and also includes a ministerial determination power to set lower tax amounts and provide for rebates.

The new spectrum tax for television and radio is expected to raise a total of around $40 million in revenue per annum. Unlike the antiquated broadcasting licence fees, the spectrum tax is not based on revenue. Rather, the amount takes account of the power level of the transmitter, the particular band of spectrum used and amount of spectrum used. The use of parameters to determine a tax is a similar approach to that which applies to a number of other spectrum users, such as land mobile operators.

The tax methodology also supports regional broadcasters with the use of the power parameter. Generally, lower powered transmitters are situated in regional Australia, as distinct from high powered transmitters in metropolitan areas. Given there is less demand for spectrum in regional Australia, use of this spectrum attracts a significantly lower fee. For example, a broadcaster in regional Queensland would pay 99% lower taxes for their use of the same amount of spectrum than a broadcaster in Brisbane.

Overall, the vast majority of broadcasters will pay considerably less in spectrum tax than they currently pay in broadcasting licence fees and charges. This fee relief will enable broadcasters to better manage their business operations and compete in this rapidly evolving market.

However, a small number of broadcasters will face a net increase in overall charges. Through the Broadcasting Reform Bill, the Government will support these broadcasters to ensure that they are no worse off by providing a five year transitional support package ending 30 June 2022.

This Bill is an essential plank in the Government's overall media reform package, unabashedly designed to support the Australian media industry. The Government has also kept its eye on the long-game, making sure spectrum is recognised as a valuable resource. As technology advances we will no doubt draw more heavily on this resource.

Changing taxation arrangements is rarely an easy path, yet industry has done its part by engaging constructively and in good faith to help shape this package. These reforms have the unanimous support
of industry and are the end result of extensive consultation with the sector. The package provides certainty for five years on the taxation arrangements and beyond that, this Government does not expect large increases in taxes for broadcast spectrum.

Together with the Broadcasting Reform Bill, this Bill will secure a strong and viable future for the media industry in Australia. Parliament has before it an historic opportunity to deliver comprehensive and holistic reform for the Australian media to ensure that strong Australian voices continue to be heard.

I commend this Bill to the Chamber.

Senator CANAVAN: I move:

That the resumption of the debate be an order of the day for a later hour.

Question agreed to.

Debate adjourned.

Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017

First Reading

Bill received from the House of Representatives.

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (16:29): 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 CANAVAN (Queensland—Minister for Resources and Northern Australia) (16:29): I table a revised explanatory memorandum in relation to this bill and 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—

FAIR WORK AMENDMENT (REPEAL OF 4 YEARLY REVIEWS AND OTHER MEASURES) BILL 2017

The Government is introducing the Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017 because we are committed to continually improving Australia’s workplace relations system.

This Bill will respond to a number of sensible recommendations made by the Productivity Commission inquiry into the workplace relations framework, as well as by the report of inquiry into matters concerning former Vice-President Michael Lawler of the Fair Work Commission, conducted by former Federal Court judge, the Hon. Peter Heerey AM QC. The Bill will:

- repeal the requirement for four-yearly reviews of modern awards;
- provide the Fair Work Commission the discretion to overlook minor or technical procedural errors made during enterprise bargaining, where it is satisfied that an error or defect is not likely to have disadvantaged employees; and
provide for greater scrutiny of the performance and conduct of Fair Work Commission members, which will improve accountability and strengthen public confidence in this institution.

With this Bill, the Government is continuing to implement common sense reforms to the workplace relations system to reduce complexity and costs.

There is broad support for reforms to repeal four-yearly reviews. In November 2016, the Australian Chamber of Commerce and Industry, the Australian Industry Group and the Australian Council of Trade Unions jointly wrote to the Minister for Employment, asking the Government to abolish these reviews.

Abolishing the reviews is also consistent with recommendation 8.1 of the Productivity Commission’s inquiry into the workplace relations system. The commission found that the reviews are 'hugely resource intensive for all involved'.

Employee groups, employer groups and the Fair Work Commission spend an enormous amount of time and money in undertaking these reviews. Their abolition will save employers and unions about $87 million over the next 10 years. This amount represents a significant regulatory burden.

To ensure an appropriate transition period, the Bill will allow the current four-yearly review to conclude in a timely manner under the existing framework. Importantly, it will remove the requirement for a new review to commence in January 2018.

In addition to this important change, the Bill also responds to Productivity Commission recommendation 20.1, by amending the Fair Work Act to allow the Fair Work Commission the discretion to overlook minor procedural or technical errors when approving an enterprise agreement, as long as it is satisfied that the employees were not likely to have been disadvantaged by the error.

Currently, the Fair Work Commission is handcuffed. Proscriptive, inflexible rules set out in the Fair Work Act mean that inconsequential procedural or technical errors made during bargaining prevent it from approving an enterprise agreement. This means that fundamentally sound enterprise agreements which have received broad support from employees are being knocked back because undue emphasis has been placed on procedural requirements set out in the Fair Work Act.

The Productivity Commission’s report highlighted an infamous case where an agreement was rejected because the employer stapled additional pages to the Notice of Employee Representational Rights form. This was considered to be a deviation from the prescribed notice and the additional stapled content invalidated the entire bargaining process.

This overly strict approach to the procedural requirements in enterprise bargaining has resulted in some ridiculous outcomes. For example, the Fair Work Commission has rejected enterprise agreements where an employer printed the notice onto a piece of paper with the company letterhead on it and inadvertently provided the incorrect telephone number for the Fair Work Commission infoline.

The Government is therefore proposing to introduce a common sense reform to give the Fair Work Commission the capacity to approve enterprise agreements despite minor procedural or technical errors made during enterprise bargaining, as long as the errors were not likely to have disadvantaged employees. This amendment certainly will not give carte blanche to employers to ignore the proper processes. What it will do is ensure that minor procedural or technical mistakes in bargaining do not unduly prevent the approval of enterprise agreements that employers and employees have genuinely agreed to. This is a win for everyone.

The Bill will also implement the sensible reforms suggested by Mr Heerey following his inquiry into complaints about former Fair Work Commission Vice-President Michael Lawler. The saga of former Vice-President Lawler revealed that there is no formal mechanism to inform the parliament’s consideration of allegations of misbehaviour or incapacity against Fair Work Commission members.
Mr Heerey also noted that there is some doubt about whether the complaint-handling powers of the minister and the Fair Work Commission president in the Fair Work Act apply to Fair Work Commission members who formerly held office in the Australian Industrial Relations Commission.

The Bill will clarify that the complaint-handling powers of the Minister for Employment and the President of the Fair Work Commission apply to all Fair Work Commission members. The Bill will also apply the Judicial Misbehaviour and Incapacity (Parliamentary Commissions) Act 2012 in relation to allegations of misbehaviour or incapacity concerning Fair Work Commission members, so that the parliament can quickly establish an inquiry into such allegations and be well informed of any case for asking the Governor-General to terminate their appointment.

The Government has also listened to the concerns raised by the Senate Education and Employment Legislation Committee and amended the Bill accordingly by:

- clarifying that the Fair Work Commission can complete any reviews of modern awards that have commenced but have not concluded by 1 January 2018 in respect of large numbers of awards – known as 'common issues', such as the ACTU's claim for a family friendly work arrangements clause in all modern awards
- allowing the Fair Work Commission to also overlook minor procedural or technical errors, as long as it is satisfied that the employees were not likely to have been disadvantaged by the error, when considering applications to approve enterprise agreements made before the commencement of the Bill that the Fair Work Commission has not yet fully decided, and
- clarifying that the term 'disadvantaged' in these provisions only applies in relation to the employees' ability to genuinely agree to a proposed enterprise agreement.

I thank the Honourable Senators for their consideration.

The Bill is sensible, fair and broadly supported.

Senator CANAVAN: I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Senator CANAVAN (Queensland—Minister for Resources and Northern Australia) (16:30): I move:

That resumption of the debate be made an order of the day for a later hour.

Question agreed to.

Australian Education Amendment Bill 2017

In Committee

Consideration resumed.

The CHAIR (16:30): The committee is considering the Australian education Amendment bill 2017 and amendments (1) to (3) on sheet 8177 moved by Senator Hanson-Young. The question is that the amendments be agreed to.

Senator HANSON-YOUNG (South Australia) (16:30): Just going back to the discussion we were having prior to the break before question time, I want to seek some advice from the chair as to what is the best way to proceed. I think everyone understands what we have done, but just to clarify, I would like to move my amendments (1) and (2) on sheet 8177. We are not referring to amendment (3). That is now going to be moved as a separate amendment as amendment (1) on sheet 8179. I am wondering whether I am able to seek leave to move all three of them together, or whether I need to move the two sheets separately.
The CHAIR: I am advised that you have already moved the three together. You should now seek leave to remove amendment (3).

Senator HANSON-YOUNG: I seek leave to remove amendment (3) on sheet 8177.

Leave granted.

Senator JACINTA COLLINS (Victoria) (16:32): I am not going to prolong this overall discussion in relation to a schooling resource body. I think I have given reasonably clear indications so far that we prefer the more independent model that we have proposed subsequently. I appreciate that the Greens are attempting to improve what has been proposed here in government amendments, but our position will be to oppose these Greens amendments and oppose the government's amendments, because we prefer the more independent body that we will be proposing in subsequent amendments. I have also indicated that we are happy to entertain further amendments along the lines of the discussion that occurred here earlier, were these measures to fail.

Aside from that, probably the only outstanding issue I have, which I hope the minister can address, follows from the discussion earlier from Senator Lambie about what funding we are looking at for the National School Resourcing Board, I would like to understand where that funding is coming from. Minister, can you take me to the provisions that account for those funds to be made available for this board?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (16:34): I obviously gave an indication of the figures earlier.

Senator Jacinta Collins: It's not the figures I'm asking—

Senator BIRMINGHAM: No, that is right. They will be normally appropriated. It is not funding provided under the Australian Education Act, which, of course, is a mechanism for funding to be provided to approved authorities and so forth. This will be normal government appropriations for departmental or other entity funding, which will be outlined and reflected in MYEFO with the funding for this entity.

Senator JACINTA COLLINS (Victoria) (16:35): Minister, what I am seeking to clarify, though, is: does this arrangement involve a requirement for additional funds than have already been outlined in MYEFO, given the lateness of these measures, or does this mean that these funds come at the expense of other allocations that have been made prior to the arrangements to establish this board or is there some general appropriation for which additional funding will be found? I want to satisfy the Senate that the establishment of this board is not going to compromise other existing funding allocations within your portfolio.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (16:36): This is additional funding to that reflected in the budget which will be reflected and budgeted for appropriately in MYEFO.

Senator JACINTA COLLINS (Victoria) (16:36): Perhaps I can take this opportunity to ask the minister if he is in the position to provide any of the other information that was canvassed in the previous session discussing this bill. Perhaps the clerks could assist me also. I know we made some progress just before the hours motion kicked back in, and we are now on this bill. Was the minister's response to the order for production of documents tabled during that period? I am seeing a no to that, so I will ask the minister again. We are in this ludicrous situation where, under the government's hours motion, we still do not have before
the Senate your response, Minister, to an earlier order for production of documents that the Senate endorsed earlier this week. The deadline is now probably about two days old. You told us that you provided a letter to the President responding to that order of the Senate. I earlier asked why the usual courtesy of conveying that information to the senator moving that motion was not satisfied, and I still have no answer or sight of that letter.

The Senate is now following the hours motion that was agreed to between the government and the crossbench, but we are in this farcical situation where an order for production of documents in relation to the consideration of this bill has still not been provided to the Senate. Minister, I essentially beseech you now, because I do not think it is appropriate conduct for the Senate in scrutiny of legislation for there to be an outstanding order for production of documents when we are trying to progress this legislation. Despite all of the cooperation that has been going on here during the committee stage consideration, us taking that step exposes the farcical element of this process. I beseech you, Minister, to at least table that letter during this committee stage consideration so that this Senate is not left in the situation where it does not have a response to an order for production of documents.

**Senator HANSON-YOUNG** (South Australia) (16:38): by leave—I move amendment (1) on sheet 8179:

(1) Amendment (7), item 106, after subsection 128(7), insert:

(7A) A review may also address the following:

(a) whether the Commonwealth, a State, a Territory or an approved authority has:

(i) not distributed funding on a needs basis; or

(ii) funded a school below its share for a year; or

(iii) funded a school above its share for a year;

(b) measuring improved educational outcomes for students against the rate of school funding.

**Senator XENOPHON** (South Australia) (16:39): Can I just indicate on behalf of my colleagues so there is no ambiguity that we strongly support these amendments. Amendments (1) and (2) on sheet 8177 do allow for a greater degree of transparency. They give greater teeth to the National Schools Resourcing Board. The other amendment on sheet 8179 is an one that is, again, an accountability and transparency measure, including for educational outcomes. It is something that I know my colleague Senator Lambie, who is not in the chamber now, has indicated her support for. I think that these are important transparency measures to improve the outcomes arising out of this bill. My colleagues and I strongly support these measures, and I look forward to their passage.

**The TEMPORARY CHAIR (Senator Leyonhjelm):** The question is that amendments (1) and (2) on sheet 8177 and amendment (1) on sheet 8179 be agreed to.

Question agreed to.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (16:40): Just so that the chamber is clear: this should bring us back to the motion before the chair, which is for the Senate to consider amendments (1) and (7) on government sheet GX167, as now amended, incorporating the components of Senator Hanson-Young's two amendments.
Senator JACINTA COLLINS (Victoria) (16:41): Chair, can I just clarify an issue with the running sheet so that we are all in the same place here?

The TEMPORARY CHAIR (Senator Leyonhjelm): That is risky, Senator Collins. I might have to ask the Clerk.

Senator JACINTA COLLINS: That is fine. If the Clerk can assist, we would be very grateful. So far in the committee stage consideration we have dealt with request (2). My understanding was that we then dealt with the cluster of amendments (3), (4) and (6), but I do not see how that is reflected in revised (3).

The TEMPORARY CHAIR: It is (3), (4) and (5), I am advised.

Senator JACINTA COLLINS: My understanding was that we did (3), (4) and (6), and after that we then did (5).

The TEMPORARY CHAIR: That is correct.

Senator JACINTA COLLINS: Okay. If we could have the running sheet amended so that we are all in the same place, understanding what progress we have made, that would assist us, I think, in this committee consideration. As the minister said, we are now dealing with amendments (1) and (7), which are essentially the government's amendments with respect to the schooling resourcing body. I have indicated in response to Senator Hanson-Young that our position is that we prefer the greater independence and the greater specificity of our proposed amendments in relation to particularly the review of the SES, so we will deal with those subsequently. For that reason, we do not support the proposal that the government has negotiated with the crossbench.

Senator HANSON-YOUNG (South Australia) (16:42): I would just like to indicate the Australian Greens' support for this overall amendment, now that we have been able to strengthen the role of this body. I think this is an important step forward. I acknowledge, of course, that more independence and ensuring that it undertakes specific reviews are important. I would just like to ask the minister: Minister, could you just reconfirm for the record in relation to this amendment creating this body that it will be tasked with those two jobs sequentially. The first order of business will be to look at the SES methodology, including its interaction with capacity-to-contribute arrangements.

Senator O'NEILL (New South Wales) (16:44): I am aware that Senator Collins has indicated our position on this, but I would like to take the opportunity to just ask a few clarifying questions around this area, related not necessarily directly to the amendments that the Greens have put but to the broader amendments from the government as well. I know that there are a few people here in the gallery today, and there are a lot of people listening. The mystery of what is going on in the Senate is something that people often express to me when I am out in the general community. So I think what is going on here is really important in terms of the frame for the questions that I want to ask.

I think that Senator Collins, in her remarks earlier, asked the question: why is there such haste for this to happen now? For people who are watching this debate, who are here in the
parliament today and listening to it, it is a great question that does not have a good answer as yet. Why are we going to sit, potentially through the night? Why is this happening now? It is because this government has decided that it wants to push this massive change—this very, very significant change in multiple ways—through the parliament in this period of time before we rise. In my resistance to the hours motion yesterday—the motion to change this process of the parliament and have us sit for all these hours—I spoke about the reason the government is doing that. Despite the way that this Senate is often described in the media as a site of great difficulty in getting negotiations through, getting things settled and getting agreement—the fractious Senate—the reality is that, as fractious as this Senate might be and is described, the real problem that the minister and Mr Turnbull have is that, if they do not get this legislation through here now, what is waiting outside the doors of parliament is an absolutely revolutionary force of the united power of the Australian education movement. Whether it is government schools or Catholic schools, there is huge concern about what this government is trying to do, and the reason they are concerned is that their questions were not given the opportunity to be asked, let alone answered.

Some of the questions that I want to ask in my contribution to this broader debate around the SES mechanism and the student weighted average are technical. They are the sorts of things that should have been considered extremely carefully by the department, who could bring in other arms of government—perhaps the Bureau of Statistics or perhaps Treasury—to carefully look at and analyse these things. They would have all the power of government to actually look at what is being proposed by this government, give it great scrutiny and then come here to the parliament with a very well considered piece of legislation.

Really good legislation requires very little amendment. Really bad legislation has been poorly consulted on and has been, in fact, made in the absence of consultation with key sectors of the community—I am talking about the government school sector and the Catholic school sector. When legislation is made badly and without that care, we end up with lots and lots of amendments. What is going on here is amendments to amendments, and we have heard the change to the amendments. If you are a little confused up there, I can tell you that I am also confused, and I have the papers down here some of the time, so I can try to figure out what is going on. We had a change to the Greens amendment that just went through from a discussion from Senator Bernardi that happened here in the chamber last night. It is not necessarily a bad change. I was a teacher, so I understand what outcomes from education are, whether it is in a classroom or whether it is a broader issue for the country. But the fact that it is getting made up on the run here in this chamber now is an absolutely telling indictment of how bad this minister's management of this piece of legislation is.

The problem is that decisions are being made about a funding structure of billions of dollars for all Australian children across this country that has been based on who knows what? As Senator Collins said, we—the whole Senate—have implored the minister. We have used technical means to say to him: 'Bring in the modelling. Tell us what you are using as your basis of evidence for the decisions that you are making and the changes you are making to how schools are going to be funded. Show us the thinking that went on behind this. Show us the numbers that went on behind this. Show us the consultation.' The minister has refused to provide that. It is called an order for the production of documents. We asked for that and the Senate agreed to it but, in some sort of game-playing that sometimes is really prized in
this place, a little technique has been used to prevent that very important level of documentation coming into the chamber so that we can have a look at what is going on and critique what the government says are the facts.

We cannot critique the facts because we cannot even see the facts that they are basing it on. In fact, there may be no facts, and that is a bit of a problem. So this is where we are: we have a government that is saying, 'We are doing a great thing for the country; it is a transformation; it is going to be wonderful', and we have this lovely even, almost soporific, tone of the minister's very steady answers to the questions—except it is a veneer, because, underneath, the decision-making instruments are not being made transparent to this parliament. I acknowledge that the Greens and other colleagues here are trying to do the best they can on the run, but that is not how you make good policy for every child in the country. This is policymaking that affects every single family and every single community. It is policymaking that has the potential, if the bill is passed, to lock in 10 years of a funding mechanism that would be devastating, in my view, in terms of leaving parts of the country behind.

This minister, and plenty of his colleagues who backed him up, has been going out and saying, 'It was terrible under that Labor lot. They were so bad. They did 27 special deals across the country. Bad, bad people! They shouldn't have done that!' The reason those deals were done in that way is that Mr Gonski, when he looked across the country, saw that there was no level playing field—that some kids were underwater because they happened to have been born in a state where the funding was inadequate. Others were doing pretty well. In fact, the Western Australian government was doing pretty well in terms of looking after their government schools. So we had all this unevenness across the country. The whole purpose of the Gonski reforms was to do two things—and this is where the government is hiding a lot. The first thing was to get funding up to a point where it was evenly distributed to all children in our schools and young people in our high schools. Then they needed to put extra money on top of that base level, which is the student loadings, and that is the needs based bit.

The special deals were done to start to push the ones that were really underwater back up so that they could get to a breathing space. They were special deals to make sure that every Australian kid who happened to be born anywhere was going to get a fantastic shot at education when they walked through the gate of any school, whether it be Catholic, Anglican, Islamic, government, independent—it did not matter. That is what it means when it says sector blind. It means children being able to walk through the gate of any school and find a place where they can learn, because there is equitable access to learning opportunities across the country. That is what we were supposed to be getting to. That is not where we are now. It is not where we are going to get to with the government's proposal, because instead of thinking that it would be good to make it equal for all the students, this minister keeps saying, 'Now we are giving the states the same deal.' That is not much chop if your state is not getting enough to give a proper level of education to the kids. So the 27 special deals were special. They were good and they were important.

But what we have seen from this government is a whole different sort of special deal. It has nothing to do with equity for children. They are a whole lot of skin-saving special deals with the crossbench for the government. That is what this is about. We will do a special deal with the Greens. We will do a special deal with One Nation. We will do a special deal, if we can, with Senator Leyonhjelm—I do not know what his position is at this point in time, but he has
certainly made some comments about it. That is what has been going on. It is called horsetrading, I think. It is horse trading in here, under pressure, in a pressure cooker of a time right now. That is what is going on here. It is not good legislative practice. We are faced with a bill that has been inadequately prepared and is in great need of serious amendment.

I ask the minister a series of questions—and I still do not have an answer to the question I asked yesterday: what research is there, what modelling has been done, what evidence do you have that says giving 80 per cent of federal funding to non-government schools and 20 per cent funding to government schools is a good thing to do? Where is the evidence? We have not seen anything.

My next question: can the minister please advise what is the total amount of money lost due to the unpicking of the system weighted average for all New South Wales Catholic schools at level 101? Can you advise what proportion of the funding will be covered by the transitional arrangements? Let me just say it again: what is the total amount of money lost due to the unpicking of the system weighted average? I am a senator for New South Wales; I am really interested in New South Wales. I know Senator Collins asked a question similar to this for the other states and territories. What has been lost? Minister, can you confirm that as a result of your primary capacity to continue contribution changes, average non-government school SES 100 loses $438 per student? Could you confirm that? Non-government schools with an SES of 110 lose $800 per student—can you confirm that? What are the proposed arrangements for schools to apply for transitional funding? Have you got a plan? Do individual schools apply, or do systems apply? How will the funds be distributed? Have you got a plan and can we see it? Can you bring it into the light of day? Can you bring it into the parliament so that we can give it some scrutiny before we roll through, in this outrageous manner, into a funding model for 10 years that you want to roll out across this country? Could you give us some evidence and could you provide a little information?

We are talking about the authority. I do have the government's amendments somewhere. I know the Greens will critique this in some way, but the government's amendments just made me laugh when I had a look. Not because it is a laughing matter—it is a very serious matter—but because it is done in a way that only the Liberal Party would conceive of what should be done in an amendment. They have gone on about who should be on it. They 'are appointed by the minister'. It is about how they exercise their power. 'Now that we're in government, the place where we belong, we'll control who we're going to put on and who we're going to take off.' Oh, and it is in the 'opinion of the minister'. The whole of the language in here: 'Reviews to be conducted periodically'. The whole of the language used just on this page does not deal with anything about the purpose of the review board, which is absolutely vital. I concur with many of the comments, including those of Senator Hanson-Young, about the need for the deep scrutiny of what is going on, and certainly around checking the outcomes. But we have not got any of that from the government. We have got a lot about how they will appoint perhaps some friends. It is an appointment process to a board of ambiguous status. It is certainly not independent; it is much more under the thumb of the minister. The reason we do not want to go there is because, under the thumb of this minister, we have had terrible outcomes in how the department has been able to communicate with the whole of the broader population.
I have a few very specific questions there, Minister. Please do not be contemptuous. Please give an answer to these questions that are coming to me from people who want to know the facts.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (16:59): It is a great attempt by the Labor Party to make sure we soak up as much time as possible, so I will be as quick as possible. I would refer—

The TEMPORARY CHAIR (Senator Sterle): A point of order, Senator O'Neill?

Senator O'Neill: Yes. The comment by the minister indicates that the questioning we are undertaking is of no value.

The TEMPORARY CHAIR: Senator O'Neill, there is no point of order. Minister?

Senator BIRMINGHAM: Thanks, Chair. In relation to why it is 20-80, I would refer the senator to the Hansard of the Senate estimates, where that evidence was given and examined in some detail. In relation to the impact of the system weighted averaging and the figures, I went through with Senator Collins only a few hours ago, state by state and sector by sector, what that meant for next year. In relation to impacts for SES changes, again I would refer the senator back to the exchanges in the estimates and the committee inquiries. In relation to the terms for transitional funding, I understand the draft terms for the transitional funding were tabled as one of the answers to the inquiries and questions that were made.

In relation to the amendment that is actually the question before the chair at present, I would highlight to the senator that, if she wants to know what the functions of the national school resourcing board as proposed are, she need only look at the fact that, indeed, they have functions specifically to look at compliance by states and territories with their responsibilities and to look at compliance by approved authorities with their responsibilities. More generally, we have given commitments that, under the other powers that leave more open what their compliance regimes or their responsibilities are, they will look at the SES score methodology and at its interaction with the capacity-to-contribute arrangements. They will then have a look at system weighted averaging, but ultimately they will be responsible for all aspects of the funding regime. Indeed, as a result of some of the amendments that have been adopted already, they will also have the capacity to self-initiate reviews in relation to the funding mechanisms and how those funding mechanisms interact with student outcomes, most importantly.

Senator O'Neill (New South Wales) (17:01): I thank the minister for answering some questions that he crafted—in a pretty crafty way, actually—out of the questions that I asked. He constructed them in a way that provided him with an opportunity to read from a sheet and stick to the scripts that the government has been trotting out disingenuously for weeks. I was here when you gave an answer to Senator Collins about the funding for the board, and you gave some state-by-state information in an extremely speedy way—a set of numbers that you have not had the courtesy to table, that cannot be checked anywhere, that have just floated on the air into the Senate and that you are asking us to just take on trust. Let me tell you, Minister: it is a pretty hard thing to take your word at this point in time when there are so many key people in education—experts around the country—who are saying that you are misrepresenting their views, that you have not listened to them, that you are ignoring their advice and that you are not answering any questions. So pardon me if I have trouble believing
the answers that you have crafted to your own questions, let alone your avoidance of the
details of the ones that I have asked you to give me a response to.

I would like to think that I heard it all, but you actually spoke fairly quickly, Minister, so
pardon me if I go back and say that, in the middle of whatever patter we got then, I did not
understand what the proposed transitional funding arrangements are. Did you tell me if
individual schools or systems apply for that? What special funds are available to what sectors
with regard to these transitional funding arrangements?

Senator BIRMINGHAM (South Australia—Minister for Education and Training)
(17:03): I refer you to what you have already read in the draft terms.

Senator O'NEILL (New South Wales) (17:03): Sorry, Minister. I could not hear you.

Senator BIRMINGHAM (South Australia—Minister for Education and Training)
(17:03): I refer you to—

The TEMPORARY CHAIR (Senator Sterle): Minister, if you are going to answer
Senator O'Neill, I would ask you to stand and put it into Hansard, please.

Senator BIRMINGHAM: Chair, I referred Senator O'Neill to the fact that the draft terms
in relation to the transitional funds were provided in answers on notice to the Senate inquiry.

Senator O'NEILL (New South Wales) (17:04): I am very glad the senator knows to
answer the question with that statement. Considering this is a house of review and we are
looking for some transparency, if these questions are being sent to me to ask you by sectors
who have the resources to look this information up, I would appreciate it if you could just do
me the courtesy, Minister, of actually telling me the answer to my question, which is: what
are the proposed arrangements for schools that apply to transitional funding? Do individual
schools apply or do systems apply?

Senator BIRMINGHAM (South Australia—Minister for Education and Training)
(17:04): According to the draft terms that have been circulated for consultation with systems
and sectors and relevant stakeholders, those who are eligible and meet the eligibility criteria
will be eligible to access funds and apply for funds. We have circulated them to get feedback,
quite appropriately.

Senator O'NEILL: That is a little bit of a beginning of an extraction of information. So
there are some draft terms out there. That takes me back to what I commenced with in my
contribution afternoon: why are we doing this now, in such haste, when this absolutely vital
part of understanding what is going to happen going forward is out with the sector in draft
form, not agreed, and actually unknown by key participants in the system? Why should we as
a Senate, representing the Australian people, give the government permission to push ahead
with this when it is so clearly underdone, so clearly ill-prepared, so clearly out of touch with
the educational experts? I put on the record and say to those in the chamber here tonight that
the reason this is so bad is that parents will do what has to be done to protect their children
from the loss of educational opportunity that is embedded in what this government is
proposing here tonight.

The minister might be 'clever' enough to get some sort of deal constructed here tonight—
and certainly the pressure is going to be coming on from everybody because staying here all
night and doing this is a big ask. I am going to stay until it is all done because I am committed
to this. But the pressure of that to push this through is really a sign of how desperate this
government is to just corral this group of people here tonight and get a big tick on something that is incredibly uncertain and have a massive influence across the country so that they do not have to go out and spend the next six to eight weeks actually talking to the experts and coming up with decent legislation that does not have to be amended on the run. They do not want to have those conversations and they have not shown the capacity to engage in negotiations with either the government sector or the Catholic sector across the country in a way that has bred a culture of trust. Indeed, trust is broken with the education sector across this country to the point where one of the leading administrators of Catholic education, Stephen Elder, has said this is the worst experience in terms of interaction with a government in 50 years, that it has never been this bad.

So we know that there is a draft out there about who is going to apply, but we do not know if it is going to be individual schools or systems. Minister, how will the funds be distributed? On what basis is that going to be determined?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (17:08): They will be distributed in accordance with the approved guidelines, which will be finalised once consultation in relation to the draft guidelines that have been circulated is complete, as is standard practice across any such government program. We are seeing and hearing all sorts of claims being made by the senator. I do not want to waste the time of the Senate as, clearly, Senator O'Neill does—and she is obviously filibustering until Senator Collins comes back. Yet again she wants to talk about 'all of those who might have concerns'. Well, there are of course plenty who have urged the Senate to get on and pass this. I have referenced many of them in Senate debates over recent weeks. I will reference one more, who I have not referenced before, whose comments are new. Terry Hynes, the former Tasmanian branch president of the Australian Education Union, has said: 'This opportunity to establish needs based funding in public schools must not become victim to the purely political warfare being waged by a Labor opposition badly out of touch with its base on this issue.'

Senior Collins, you can keep going on. You keep saying, 'Why do we need to do it now?' Let me refer you back to the comments of the shadow education minister, Ms Plibersek, on 14 March, where she said:

Schools are already planning for next year. They are working out how many classes they'll have, how many teachers they need, what sort of special programs they can offer. Except, these schools have no funding certainty. They don't know how much they will have to spend next year.

Well, the legislation is here. The Turnbull government has put $18.6 billion additional in the budget not just to give funding certainty but to give absolute clarity that there is clear, strong funding growth. We are doing it through a model of clear, needs based funding. Your side can keep going on about what the Labor Party might have done had it magically found an extra $22 billion. That is your right. But understand that the Labor Party are standing in the way of needs based funding. Former union leaders are calling you out now. The Labor Party are standing in the way of giving certainty to Australian schools. You can keep coming in and asking questions that were already answered through the Senate estimates process or the Senate inquiry process or where documents and tables have already been released, but ultimately it just exposes you as doing nothing more than playing cheap politics with this issue.
Senator O'NEILL (New South Wales) (17:11): I love the minister's outrage that he should have to answer questions tonight: 'Oh, it's all been done before; it's all been done before.' That is why all of the school sectors are out there still raging into the night against what the government is about to do! What we are talking about here is very, very important—how will the funds be distributed? I did listen carefully to the answer, and I think it was basically, 'Trust me; it'll be okay.' I think that is what we got out of the minister, in translation.

My next question about transitional funding is: will it be available to all non-government, low-fee systems or just some of them? And on what basis will that be determined?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (17:12): I have already answered.

Senator O'NEILL (New South Wales) (17:12): Okay—so we are getting to the point where the minister does not want to answer these questions. All this SRS and SES funding stuff that we are talking about gets very confusing for people. Can I just read into the record what it actually means when you do not have the student resource standard that I was talking about in my contribution a little earlier this evening. All this talk about money and transitional funding all goes down to what actually gets to the classroom so that the teachers can do the work that they need to do.

Right across the country, the money from the reforms that were advised by Mr Gonski has gone into every school and has made a massive difference. And it has been different in every school, which is great, because principals are wonderful professionals. They know what they are doing. No system is perfect, and there is always going to be the odd aberrant one, but generally we have amazing principals who are leading educational communities across this country. They know what to do when you give them enough money to interact with their learning community. They know what to do. They have been putting in speech pathology; they have been putting additional teachers into classrooms; they have been putting additional support staff into classrooms to help students; and they have been gradually, deliberately, every day, making advances in helping our kids become better readers, better thinkers and better citizens because they are learning and they are getting the resources that they need. So, when the SRS is not at the level it needs to be, there are big problems.

This is what a teacher had to say—and believe me: I am going to trust a teacher who has committed their life to serving children and serving this nation through education. I am going to believe them and what they are telling me every day over the glib language that we are hearing from this minister. The teacher said: 'As a public school teacher, I struggle to keep my classroom at a minimum standard to meet the requirements to teach the syllabus. This weekend alone I spent $133 on stools for my classroom. Why on earth can't my school afford furniture? Because we are so far below the minimum resource standard. The original Gonski NIRA arrangements made me feel secure in the decision to send my own daughter to a public school when she hits school age. I am not confident in this decision, if the local public school is inadequately funded, while the grammar school is able to provide opportunities above and beyond whatever I could imagine in my own classroom. I cannot provide my students with the future opportunities they so very much deserve without the proper funding that will put my students on an equal footing with those from higher socioeconomic areas.'

That is what is happening across this country. Some of our schools are so desperately underfunded, in terms of the student resource standard. I have been in classrooms to observe
students and teaching and found that there was only one novel between two children. They cannot take them home and read it, because there are not enough to go around. I have been to parents and friends and parents and citizens meetings where communities that are not exactly replete with cash are raising $10,000 to buy school readers so that their children in kindergarten years 1 and 2 can actually have readers for learning how to read.

The other day I was on a plane with a person who works for Defence. He told me about his partner, a teacher, who spends money every single week buying paper and practical resources to take to the classroom for the students to be able to learn. That is what the money that is going into education is supposed to address—those terrible things that are missing. It is to give schools the capacity to deal with those things and all the extra things that are needed to help students learn. So, the money we are talking about in all these formulas is all caught up in responding to the real challenges that are out there in classrooms.

Minister, I asked you before about the primary capacity-to-contribute curve. I asked you about the average non-government school SES 100 situation. Can you confirm that those students will lose $438? With the non-government school SES 110, can you confirm that there is a loss of $800 per student. Minister, could you possibly advise, in the complexity of all the special deals you are doing here with the Senate, how many different arrangements will you have in place at the end of your dirty deals? You have eight different indexation arrangements for each state government system. I am not sure if the minister is shaking his head at me or if he is having an unpleasant conversation with somebody on the other end. It would be hard to be getting this sort of critique in stereo, I suppose. There are eight different indexation arrangements for Catholic schools, separate transition arrangements for each independent school, transition arrangements for ACT Catholic, and potentially some others, and some schools transitioning over 10 years and others perhaps over six years. How many deals do you have going, Minister, and are there still some afoot tonight so that you can get this done and get your legislation through?

Senator LEYONHJELM (New South Wales) (17:18): I did not speak on the Australian Education Amendment Bill 2017 during the debate on the second reading, so I thought I would take this opportunity, while senators O'Neill and Collins are changing over, to explain my opposition to the government's school funding deal, which is before the Senate. I will speak again in support of my amendment, but I think this initial explanation will be helpful.

Einstein said that insanity was doing the same thing over and over again and expecting a different result. We all know that paying all teachers more does not improve school education outcomes. We know that governments that spend up big in their first budget don't fix the mess closer to an election. We know that when Liberal governments have adopted Labor-Greens policies they lose Liberal votes but do not pick up Labor-Greens votes. And we know that governments that borrow incessantly eventually cause mass hardship to the people. Yet, on each count, the government school funding deal is making the same mistakes we have seen in the past.

When Labor was in government it was clear that the previous increases in school funding had not improved the quality of school education. Despite this, Labor sent terms of reference to David Gonski that did not require his recommendations to fit within the spending envelope of existing spending. Unsurprisingly, Gonski's recommendations call for increased spending. Labor adopted such spending increases as policy, and Labor legislated for these spending
increases in the Australian Education Act 2013. In the 2014 budget the Abbott government instead proposed that from 2018 Commonwealth school funding should be increased in line with the CPI and student numbers. This was a step in the right direction, but the Abbott government never bothered to enact this proposal, so, to this day, Labor's approach remains the law of the land.

The Parliamentary Budget Office has advised me that the existing law requires nearly $20 billion more Commonwealth school funding over the next decade than Abbott's proposed approach. When the Turnbull government proposed to increase Commonwealth school funding, compared to Abbott's approach by $18.6 billion over the next decade, and when Turnbull actually planned to legislate to convert his proposal into law, I was inclined to support Turnbull's legislation.

The TEMPORARY CHAIR (Senator Sterle): Senator Leyonhjelm, I may just take this opportunity to remind you that we refer to others with their official title.

Senator LEYONHJELM: Yes, I accept your point. I suppose I am using shorthand for the Turnbull government and the Abbott government. That was not intended to be disrespectful to people in the other place.

The Parliamentary Budget Office has confirmed to me that passing Mr Turnbull's bill would reduce Commonwealth government funding over the coming decade by $1.2 billion, compared to what the current law requires. Despite the government's claim that it was increasing school funding, this was compared to the unlegislated fantasy of the Abbott government. I knew that the government's bill was actually cutting school funding over the coming decade, compared to what the current law requires. That was fine by me. The government was also proposing to make small improvements in how funding is distributed, although, in a perfect world, the Commonwealth would provide no school funding, the states would fund students rather than schools and funding would be properly means tested, such that we could jettison the grab bag of duplicative, poorly designed loadings and capacity to contribute calculations of the current system.

But yesterday the government changed. It proposed a further $4.9 billion in Commonwealth school funding over the coming decade and has prepared amendments to its own bill to make this funding boost the law of the land. So now the government is planning to increase Commonwealth school funding over the coming decade by $23.5 billion compared to Mr Abbott's approach. Crucially, this also means that Commonwealth school funding, compared to the current law of the land, is set to increase by $3.7 billion.

Within a day the government's approach to schools has morphed from a spending cut to a spending splurge. This is despite the evidence that school funding does not determine school performance, despite the evidence that fiscal responsibility is required early in a parliamentary term, despite the evidence that adopting Labor-Greens policies does not make Labor-Greens voters vote Liberal and despite the evidence that a government's incessant borrowing eventually causes mass hardship for the people. The irony is that the consequences of this will fall on current school students.

In order to pay current school teachers more, regardless of their performance, the government is burdening today's children with ever greater debt. Might I remind senators that the government's net debt is $355 billion, and might I remind them that each year the
government is adding to this debt by running budget deficits. We are spending money we do not have. We are falling into the very spiral of borrowing and debt that Senator Gichuhi so clearly warned against in her maiden speech. How can you, in good conscience, agree to borrow even more money under the school funding deal? When confronted with a Senate that has a dangerous addiction to borrowing and spending, the government should have been prepared to see its bill defeated, but its focus is on the political theatre of a winning vote, regardless of what that vote entails. It is principle-free governing, and it is ruinous for our nation.

Senator BACK (Western Australia) (17:24): I join with Senator Leyonhjelm in many of his comments regarding the fact that throwing money at education does not improve educational outcomes. I suppose Senator Leyonhjelm and I both went to veterinary schools, where there was not an enormous amount of expenditure of capital—and look where we are today, for the evidence of it! I would be very keen to direct him to my contribution last evening in which I pointed out to the chamber the outcomes of a Senate inquiry on teaching and learning that I ran back in 2011. It was at the time when ‘Gonski Macro’ was out there doing big-dollar things. Our teaching and learning inquiry, whose report and recommendations had unanimous support, dealt with the non-dollar associations: why children aren't learning and why can't teachers teach? It was things like early childhood, influence of the parents, selection of students leaving school, quality of teacher training, the amount of time that trainee teachers had in practicums, the fact that so many of them—over 50 per cent—regarded themselves as not teacher/classroom ready when they graduated, mentoring that was not happening, professional development that was not being offered to temporary teachers because the very ones who needed it might not be there next year, the quality of teacher training, et cetera.

All of those matters found their way into the recommendations, and of course the biggest one of all was discipline. And how disappointing: even though at that time we made it clear that teachers would not need to have their name or the name of their school made public, we only ever had one Tasmanian teacher who appeared before us to tell us why he cannot teach. And it is because if a child goes berserk at the beginning of a class then not only does it take him half the class time to settle that circumstance but the other 25 or so children are shivering in their desks, and how much are they going to learn? That same teacher from Tassie also spoke to us about the fact that so many teachers are being required to teach outside of their area of specialty. Why? Because when so many of them went into teacher training all they wanted to do was phys ed or art, and how many teachers in schools are required?

He told us he was often one class ahead for the teachers who were being required to teach mathematics and science but were not qualified in that space, and he was helping them out by being one class ahead. We addressed all those things, and I support you, Senator Leyonhjelm—through you, Chair—that it is evident. For the Finns, who are the best in the world, and the Chinese and the Singaporeans, money is not an issue. Discipline certainly is, and attention by children certainly is.

I want to turn to some of the commentary we have heard in the last couple of days from Senator Collins and Senator O'Neill, for whom I have a high degree of respect. Like me, they have come through the Catholic education system and I suspect know an awful lot more about
it than I do—although, as you know, I was nine years on the Catholic Education Commission. And I think it is fair to say—and this is my own comment, not a criticism necessarily, but I would venture the opinion—that the department and the minister might even accept that the minister may have perhaps had a greater level of consultation earlier, may have engaged a little bit more with the systems et cetera.

Having said that, I want to put on record my very clear statement, and it is this. When Senate estimates was on, I met, prior to dinner, with the minister's adviser. Over dinner one night, on the final Thursday night, I met with Minister Birmingham and we discussed where I believed the issues lay with the Catholic education system, particularly systemically. I got out of bed at half past three on the Friday morning to get the 6 am flight back to Perth so I could go and meet the head of Catholic Education, Dr Tim McDonald, a man I value highly. We went through it all, and I said to him, 'Tim, what is it you need?' And he told me what he needed. Just to be sure, I committed it to writing, as I promised Minister Birmingham I would do. I sent it to Dr McDonald asking him to comment and criticise if indeed I had inaccurately reported what I understood to be the circumstance. Remember I had nine years as a parent member on the commission. It was a few years ago. I put to Minister Birmingham the requests of the Catholic education system out of WA. Dr McDonald said to me, 'The South Australians are in a worse circumstance than we are.' Then on the Monday, for what was a public holiday for you and me, Temporary Chair Sterle, I participated by telephone from North Yunderup in the Senate inquiry chaired by my good friend Senator McKenzie. Again, I was particularly pleased to hear the questions asked by Senator Collins, because I know she is well across these issues.

But prior to my writing to Minister Birmingham I put to the heads of the Catholic education system—who I believe were the gentleman from the ACT, Ms Danielle Cronin and I think Mr Elder from Victoria—what I understood from Dr McDonald were the key questions. I am sure my report to Minister Birmingham is probably boring, but if he wanted it to be released I would have no trouble with that. I delayed my report to Minister Birmingham about the McDonald meeting because I wanted to test whether or not what I thought Tim McDonald was saying to me was valid. Then, in response to Dr McDonald's suggestion, by teleconference last Friday I spoke to the head of the Catholic Education Office in Adelaide and two others. His name was Bruno and the other two Christian names were 'Paul'. We discussed at great length their special needs. I said to them that I would again be corresponding with Minister Birmingham. It is amazing how much work you can get done on the plane going between Perth and Canberra, as you know, Temporary Chair!

I shared with Minister Birmingham the concerns they had and the requests they had. The requests were these: 'Please impress on the minister that we should preserve the system weighted averaging for a 12-month period. Please don't rush through the proposed SES model for a 12-month period. Please impress on the minister the need for a review independently undertaken.' We discussed a Professor Farish, who I understand had been the architect of the SES scheme and who had in fact said that he did not think it was working or going to work. This was following Mr David Gonski's original statement that he did not think it was going to work either. I will also come to Dr Peter Tannock. So that is what I sent to the minister.

As you know, Temporary Chair, I have never been a person to rush out into the media on issues. I have worked behind the scenes always. But I was so minded, as is obvious on the
public record, and I did go out into the media. I did not initiate that. It was the subject of requests. I said to the minister privately—and I repeated it publicly—that if I could not achieve on behalf of the Catholic education system the requests they were making of me I could not give the government my support. My words were, 'Simon, please don't make me vote against the government in my last week in the Senate.' Those were the words I used and they were accurately reported.

So on Monday of this week a meeting took place at my request with the minister and a number of those people about whom I spoke a few minutes ago. It was between Mr Zahra, Mr Crafter, who I think is the chairman of the National Catholic Education Commission, Ms Cronin, Mr Elder, Minister Birmingham and me. We went through those issues again. Questions came up of disability funding et cetera. At that time the minister took on board what the request was and I said to him I would not be going out into the media because I had no interest in going out to the media—I just wanted to get across the line; I just wanted to get what the Catholic system had asked me to achieve. That was it. There were calls coming in and I could have appeared publicly on television and done all the stuff that some of the people around here love to do, but I do not like to do that and I have not.

Senator Jacinta Collins: Neither do I.

Senator Dastyari: I don't.

Senator BACK: Absolutely, Senator Collins—you have my respect. As for the gentleman behind you, we only ever see him. It has come to pass that the minister has been able to accommodate the requests I have made. Last evening, just in case it was not clear, I rose in this place and spoke and I specifically asked him: are you prepared to have the system weighted average retained for 12 months, will you have an independent inquiry, will you include students with disability in it, will you ensure that the outcome of that inquiry, its report and recommendations, are tabled in this place, and will you please tell me the mechanism that will be used to give effect to it. Today my office and I have had phone calls, we have had emails, we have had everyone—very concerned principals, parents and others. This morning I said my staff, 'Gather together my speech from last night and Minister Birmingham's speech in response.' I have shared that with the ones I have had time to speak to; the ones I have not had time to speak to I have sent a copy. Each and every person has either come back saying, 'Thank you, I now understand the scenario,' or they have not responded and I take that to be acceptance because they were so concerned.

I will be bold enough to say that had I had the opportunity to speak to the minister in earlier days I would have counselled him against putting out the so-called per school tables, and because you know the Kimberley so well, Mr Temporary Chairman Sterle, I will simply use the illustration of Sacred Heart in Broome. If you look at the tables, they apparently got a 49 per cent increase. The entire state of WA's Catholic system is funded in a co-responsibility, but you and I know how many kids' parents will be paying fees at Sacred Heart in Broome—very few. If Sacred Heart's school board said, 'You little beauty, we're going to grab the 49 per cent, we're going to get out of this co-responsibility fund and we are going to use those funds', you, Mr Temporary Chairman, would know better than most people that Sacred Heart Broome would probably last for about two weeks because the cost of running that school is vastly greater than that sum of money. It has not helped that we now have this circumstance under way.
I say this to the archbishops who have communicated with me, and the bishops, the principals, the parents and others: yes there is some damage in terms of the system but it has been the underpinning of Catholic education certainly from the eighties when I went onto the Catholic Education Commission in WA to make sure co-responsibility was about the poorer schools being helped—the schools in the bush, the towns across the Kimberley, across the territory and across North Queensland in which there is no state school, it is only the Catholic school, and they get supported because, again, the fees, while attractive for parents, are negligible. I do not want to see the poorer schools in the Catholic system lost, but it is my understanding—I do not think I am an unintelligent person—that should these amendments pass, should we have this 12 months of system weighted average retained with a true independent review including those with disability, then the Catholic education system and indeed the other systems—the Lutherans and the others involved in education—will be able to rebuild their confidence, knowing that they are protected for the future. I have only made this contribution to put on record that that is what I requested and that has been accepted by the minister.

Senator JACINTA COLLINS (Victoria) (17:39): With the Senate's indulgence, I would like to take a brief moment to respond to the points that Senator Back has made. We have listened to those respectfully, even though we are on the amendments in relation to the student resourcing body, and my intention is to move fairly quickly beyond those after I respond to these issues.

Senator Back, no-one doubts your good faith on this issue. It takes me back to the legislation inquiry—you might have been on the phone at the time—when one of the witnesses, who had earlier on been verballed by the minister, was retreating to the position about how wickedly complex this bill and school funding are. Certainly, you are not an unintelligent person, Senator Back, but I think you did understand the points that I made yesterday. I think it is fairly clear for anyone who understands school funding—and, indeed, someone like Dr Tannock—that what the minister has provided you with is not, as I said yesterday, the full monty. If you are keen to ensure that the full circumstances for the funding of Catholic primary schools is maintained, then you will support our amendment, which will come along later, to preserve the existing capacity-to-contribute arrangements.

Senator Back, you were not in the chamber earlier today when I was asking the minister to provide figures that would highlight the difference between the $50 million figure—I think it was about $46 million; I do not have the notes in front of me anymore—as compared to the system weighted average arrangements under the existing bill.

Senator O'Neill: It was $46.5 million.

Senator JACINTA COLLINS: Thank you, Senator O'Neill—$46.5 million was the figure. Senator Back, I understand your good faith in this, but, because I am not really sure there has been a fair characterisation of the nature of some of the lobbying or consultations that have occurred here, I want to bring to the attention of senators—and remind anyone listening to this debate about—reports that have consistently been in the media about what the full value of preserving the arrangements that were established under the act would be. I can take you back, for instance, to a report by Tim Dodd on 8 May this year, where he highlights:
… whatever the motive, the impact is that a large, non-government school system—and the Catholic system is the only large one—gets a significant advantage from using the system weighted average. It's currently worth about $80 million extra a year …

Remember, this is in 2017 terms, and the estimates about what that provision provides going forward across 10 years—as Senator O’Neill and I have communicated to you—grows to about $100 million to $150 million a year. This is why yesterday I said I was pleased that you have achieved some improvements, but it is not what the Catholic education system was fully seeking when they were talking about a review of the SES and the maintenance of existing circumstances until the occurs.

Because, earlier today when I asked the minister for figures that would demonstrate that difference to the Senate—he still has not provided them—he said they are interconnected. The system weighted average issue is connected to the formula used to calculate capacity to contribute, and that is connected to the SES. So, for the minister to respond to you, Senator Back, by only partly addressing that and maintaining the provisions in the bill that change the capacity-to-contribute formula, he puts the cart before the horse. He is making a unilateral change with no genuine policy basis because it produces savings. That is what he is doing. As I said, the estimate for 2017 is probably $78 million. It is about $2 million less than what was reported by Tim Dodd back in early May. This is not new information. It is not new issues that the Catholic education system has come forward with. It is an interconnection between those two factors that have been informed and understood in the canvassing of this issue for some time now.

Senator Back, I think all of us will be genuinely grateful that you have succeeded in closing that gap a bit over half. As you said in your comments a moment ago in your responses to archbishops and others, ‘Sure, there will be damage in terms of the system’—I think I am quoting you accurately. That is true, and we should not pretend otherwise. There will be damage because this moratorium that was canvassed is not a full preservation of existing arrangements under the model, and I do not think we should pretend otherwise. I do not mean any disrespect to you in highlighting that point, but I think it indicates a lack of faith by this minister in his dealings with stakeholders. He has been operating the executive by leaking material to the press about what he is doing in a very inaccurate fashion. You have talked about the advice you would have given about the fantasy figures and the school funding estimator. Unfortunately, the minister has not been prepared to give any assurances about not maintaining that arrangement. He has not satisfied anyone following the detail of this debate about how he could rebase the figure for 2017 on a formula that will never apply to 2017. I am still quite embarrassed for the Department of Education and Training, because I think the approach he has taken has compromised their credibility, and I think it leaves the Public Service in a very poor position. Indeed, it may well be well something I take up with the Public Service Commissioner.

We may have argued today that we should have a schools resourcing body and that maybe that will help us remove the politics out of how some of these issues are managed. This is indeed reflected in the amendments we are dealing with here. How these matters have been conducted is no reflection on you, Senator Back. You have operated with the highest integrity every step of the way, but, unfortunately, this minister has not satisfied your demands. I know that you have got the best that you believe you will be able to get—and that is quite a legitimate position to reach—but I would encourage you, if you want to demonstrate to all
that you understand how the capacity-to-contribute arrangements and the existing model apply, to support our amendments that would preserve the existing capacity-to-contribute arrangements in the act. Frankly, Senator Back, I am not hugely confident of those amendments because I know the Greens party has a different position on them. But, if you want to indicate to this government and to this minister that you do understand that there has been poor faith in their dealings, that is how I would demonstrate that point. We will be coming to those amendments later.

Before we come to those amendments, I would like to take this opportunity to highlight the broader interest of the community at large that there has been in the consideration of this bill. Whilst the committee stage process has been contracted, and we are here now at this hour, the number of letters and emails coming in expressing messages, clarifying points and expressing support for the principle position that a number of people have taken in this debate is something I have not experienced in the past.

Yesterday we had representatives of independent schools in the gallery. Today we have a slightly different story here to the usual. We have the Barnardos Mother of the Year in the gallery, because she is concerned and interested in how this legislation is progressing. Selina, I welcome you to observing this debate and understanding how the Senate is highlighting the issues that have not been properly canvassed in the minister's selective representation of school funding to the community at large. I know that Selina Walker understands how the Catholic education system operates and the sort of co-responsibility that Senator Back was referring to before. She understands, as Senator Lambie did, how that co-responsibility works and assists many Australian families—so much so that in her case she organised forums here in the ACT to bring parents together to highlight the point.

More importantly, I think, contributing to this debate is a mother who understands the education of children and the importance of the unique Australian education system, a system that currently accommodates low-fee non-government schools doing a great job and in many areas doing the only job. The point that I made before about the nature of our school education system—Senator Williams will be interested in this—is that in some regional and remote areas the Catholic parish school is the only school. In many places they and the public school work closely together with their local communities, and they essentially meet the accessible, affordable education needs of that whole community.

This is what you understand, Senator Back, and Selina Walker understands is being compromised by this minister pushing through new fee arrangements in the model. What this minister is saying to parents in low-fee non-government schools is, 'Under our model we now expect you to pay more.' If the SES model is reviewed and a more appropriate formula is put in place, in another 12 months that might help preserve the cliff that happens next year. The Catholic education systems may be able to absorb the shock of some of that change until such time as that review occurs.

But we do not know how effectively those school communities will be able to absorb that shock. The minister has not done the modelling; he has not provided us with the information; all we know is that he is persisting in changing the capacity-to-contribute formula in the model despite ongoing reports and requests from stakeholders across the board. In persisting to do that he is not meeting the commitment that he gave that he would continue existing arrangements for low-fee parish Catholic primary schools. They are going to get a whack in
the next financial year unless this Senate agrees to withdraw those provisions from the bill and meet the good faith that senators such as Senator Back and Senator Lambie and others have injected into the discussions here and the minister actually does what he said he would do.

Senator LAMBIE (Tasmania) (17:54): I wish to make the following statement in relation to this important piece of legislation. I believe that these measures will be beneficial to students in Australian schools. What has been negotiated with the crossbench over the past few days has led to an increase in funding commitments of almost $5 billion to a total package of $23.6 billion in additional spending. The fact that the Gonski reforms will be implemented as they were intended to much more quickly, over six years rather than 10, is a very good result for students and teachers around Australia. The amendments moved by my colleague Senator Sarah Hanson-Young, which were passed earlier today and which I strongly supported, have now given more accountability and transparency powers to the National School Resourcing Board as well as powers to ensure that educational outcomes can be monitored. These amendments have strengthened my views on the importance of this bill being passed. No bill is perfect, but this package of reforms will deliver significant improvements for the education of our children across the country, including in my home state of Tasmania.

I want to make it clear to my colleagues that I strongly support this bill, I will not be persuaded otherwise and I will not be moving from my position. I have heard everybody out. I have been doing this for months. This has been agenda item No. 1 for my office. There is a lot more that has to be done in our education system—right from the bottom—but this is the best way to do it for this funding and for the way that this model has now been designed. I have total trust in Minister Birmingham following through and making sure that the board and the people he puts on that board do the right thing. I am very grateful that he is putting more people on the board so that there is more diversity. So we have one of two choices here: we can either sit here and keep going all night, or we can do the right thing and let our staff go home. It has been a long week. The game is over. It is now time to get on with it. It is time to look after the future of the kids of this nation.

The TEMPORARY CHAIR (Senator Back): The question is that government amendments (1) and (7), as amended, on sheet GX167 be agreed to.

Question agreed to.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (17:57): by leave—I move requests (1) to (15) on sheet GX160 together:

(1) Schedule 1, item 1, page 3 (line 9), after "year", insert "for the school".
(2) Schedule 1, page 3 (after line 10), after item 1, insert:

1A Section 6

Insert:

6-year transitioning school means a transitioning school whose starting Commonwealth share is less than its final Commonwealth share.

(3) Schedule 1, page 3 (after line 10), before item 2, insert:

1B Section 6

Insert:
final Commonwealth share has the meaning given by subsection 35B(6).

(4) Schedule 1, page 3 (after line 23), after item 5, insert:

5A Section 6

Insert:

starting Commonwealth share has the meaning given by subsection 35B(2).

(5) Schedule 1, item 6, page 4 (line 4), omit the definition of transition year, substitute:

transition year means:

(a) for a school other than a 6-year transitioning school—a year from 2018 to 2027 (inclusive); or
(b) for a 6-year transitioning school—a year from 2018 to 2023 (inclusive).

(6) Schedule 1, item 16, page 6 (line 24), after "year", insert "for the school".

(7) Schedule 1, item 16, page 8 (line 9), after "transition rate", insert "for a school other than a 6-year transitioning school".

(8) Schedule 1, item 16, page 8 (after line 12), after subsection 35B(7), insert:

7A Unless the regulations otherwise provide, the transition rate for a 6-year transitioning school:

(a) for the transition year 2018 is 16.67%; and
(b) for each transition year from 2019 to 2022 (inclusive) is the transition rate for the previous year increased by 16.67 percentage points; and
(c) for the transition year 2023 is 100%.

(9) Schedule 1, item 16, page 8 (line 13), after "transition year", insert "for a school".

(10) Schedule 1, item 16, page 8 (line 16), after "subsection (7)", insert "or (7A)".

(11) Schedule 1, item 40, page 13 (line 1), omit "transition year", substitute "year from 2018 to 2027 (inclusive)".

(12) Schedule 1, item 47, page 17 (line 21), omit "10 transition", substitute "6 to 10".

(13) Schedule 1, item 47, page 17 (line 29), omit "transition", substitute "6 to 10".

(14) Schedule 1, item 71, page 22 (line 6), omit "10 transition", substitute "6 to 10".

(15) Schedule 1, item 82, page 24 (line 26), omit "transition years", substitute "the years 2018 to 2027".

These measures are very important, and I acknowledge the role of many crossbenchers, including—I would note on the record—the work of the Greens as well, in relation to these requests to bring forward the transition period for schools across both government and non-government systems to reach the agreed level of the schooling resource standard.

As senators are well aware, after the lengthy debates that have been had, the government proposed that, in applying consistency across Australian schools, we would deliver 20 per cent of the schooling resource standard to government schools across every state and territory—the schooling resource standard being the needs based model that the Gonski report helped to develop, which ensures different loadings and different support for students based on different levels of disadvantage. Whilst the deals that had been done previously provided for a very different level of support from the federal government across each different state and territory, the Turnbull government brought down a proposition to say that we wanted to see every state and territory reach 20 per cent of that schooling resource standard by 2027 over a steady 10-year period, taking the state that got the worst deal, Western Australia, and bringing it up to be on level-pegging terms with the jurisdictions who got the best deal, so that everyone was treated equally.
We similarly proposed, reflective of the historic nature of schools funding, with the federal government providing the lion's share of funding to non-government schools and the states providing the lion's share of funding to government schools, to bring the non-government schooling sector up to 80 per cent of the schooling resource standard. That ensures, with just one or two exceptions, that every schooling system across the country sees growth over that time. It does, though, see around 350 separate stand-alone independent schools transition down to 80 per cent of the schooling resource standard and maintenance that we have discussed in relation to circumstances for the Northern Territory.

The amendments I have just moved, which are now before the chamber, will accelerate the transition period that the government has proposed for all of those schools and systems who are below the 20 per cent and 80 per cent shares. It will not have any impact on those systems or independent authorities who are above the 20 per cent or 80 per cent shares. It will ensure, though, that those who are below that will transition to that common share of 20 per cent and 80 per cent over the next six years. By 2023, we will have every government school system in the country being treated equally, fairly, by the Commonwealth government according to the Gonski formula. By 2023, we will see all of those underfunded, non-government schools and systems treated equally and fairly and transition to a common formula of the Gonski funding. This is really important because it delivers certainty, fairness and equal treatment along the lines of a needs based funding model.

The result of this is that we will see growth in terms of funding additional to that which had a ready been put in the budget papers—growth of around $1.5 billion over the budget period and around $4.9 billion over the next 10 years. That is additional funding to help transition all of those schools, all of those systems, to the common 20 per cent and 80 per cent shares faster. It has benefits across all schooling systems in Australia—government schooling systems and non-government schooling systems, including the Catholic system, other systems and stand-alone authorities. It delivers additional funding faster. But there is an important caveat to that. In the long term, because it is helping all schools to reach that cap faster, once those schools reach their 20 or 80 per cent share they will then move ahead based on the indexation within the legislation. In the long term it does not have any structural impact on the budget from 2027 and beyond but it does ensure that schools reach those targets much, much sooner.

I commend these amendments to the Senate. They are a significant change and they absolutely help in the mission the Turnbull government brought forward with this legislation to ensure consistency of application of the needs based model across the country. They help to do that much faster than was the case previously. They have been advocated by many different parties and stakeholders during the Senate inquiry in particular, during much of the public debate and during consultations with the crossbench. I acknowledge and pay tribute to the various crossbench parties who have helped with this. Senator Lambie has just spoken passionately about the fact that it is not just about the money but how we make sure the funding is used as appropriately and effectively as possible, especially for kids in schools where there are enormous challenges and difficult circumstances to overcome. Senator Xenophon and his team have worked hard to bring forward the transition arrangements. Senator Hinch and Senator Gichuhi's commitment to make sure there is equitable treatment and it is achieved as soon as possible has been very strong. Senator Hanson and her team have
made sure that, through this, we do not lose sight of a focus on ensuring that quality efforts around teaching and teaching reforms are absolutely pursued, as states and territories have previously agreed to do.

As I said at the outset, I acknowledge also Senator Hanson-Young and Senator Di Natale's advocacy for these types of amendments too, notwithstanding the positions they have taken on the overall bill. These are amendments that absolutely enhance the Turnbull government's reforms. They build upon them. They make them stronger. They will deliver greater support, and faster, to the schools who need it most. I commend the amendments to the chamber.

Senator JACINTA COLLINS (Victoria) (18:04): I can indicate—somewhat wryly, I have to say—that Labor will be supporting these amendments. Why I take that approach, I suppose, is that I reflect on the government's response to when we had a six-year transition plan and indeed all of the political statements at the time about how it was not fully funded because the funding was not fully provided in the forward estimates over four years—and here we have pretty much the same type of plan. Labor is going to take the responsible position here and accept the improvements that the crossbench has been able to achieve, but again I highlight that response in comparison to the former response of the current government, when we had the six-year transition plan under Gonski 1. We may be talking different quantum figures here, but the pretence that it involves funding beyond the forward years is again essentially replicated here. It is not as stark as it was when it was over 10 years, and I am not going to waste the Senate's time in getting the detail of what proportion of the funding is in the first four years. That is the sort of argument that this government has pursued in the past, and it is really not a credible policy position. We accept that there has been improvement in the amount of funding that will come forward and we appreciate the progress that the crossbench has been able to make on that particular matter, and for that reason we will be supporting these amendments.

I do have to indicate, though, that we still fundamentally believe—and this is what best characterises the position we are taking on this bill as a whole—that the combined approach recommended in the Gonski review, rather than this minister's confected Commonwealth-only approach, is going to achieve the best long-term outcomes. I agree with Senator Back that it is best, in dealing with states and territories, to apply the carrot rather than the stick. I will not say much more on that now, because we will get to that in further amendments when we are dealing with the bill and what has been proposed to deal with that, but we believe that is a fundamentally wrongheaded approach. We have done what we could to try to convince the government that the nature of their approach with states and territories was not going to be to the long-term benefit of Australian school students, but we understand that for the crossbench any improvement they could get on what the government was prepared to propose is better than what was originally proposed. Only the future will tell us, and the Schools Resourcing Board will help us in the future understand how effective we have been in dealing with the behaviour of states and territories and how they fund school education.

As I said, we still fundamentally believe that the 20 per cent for government schools and the 80 per cent for non-government schools is unfair. The impact of increasing the Commonwealth funding level to some non-government schools cannot be described as fair in any sense of the word. The improvement in funding, for instance, to my high-fee independent school, which will apply almost equally under this six-year transition as under the 10-year
transition, is not fair when schools such as my local Catholic parish primary school suffer the cuts that are related to the capacity-to-contribute formula changes. It is not fair. I am not going to go into the various schools, cherry-picking examples; I have given you just my local example.

I have the income and the capacity to now send my youngest child to a high-fee independent school. It just so happens that she is attending that school because it is the best local school that meets her particulars. But I have the income that enables me to pay those sorts of fees. Many children in my local area attend the low-fee Catholic systemic parish school that my children also attended. Their parents do not have the capacity to meet the increased fees that will apply if this Senate approves the changes to the capacity-to-contribute formula. Certainly I could, but many of the other parents of children in that school could not. That school includes students from the refugee community. In Box Hill, South Sudanese students and quite a number of Asian students participate within that parish and that school. Their parents will not be able to meet the increase that will occur unless we remove those provisions from the act.

In dealing with this fundamental shift to 80-20, we note that this faster transition time and the cuts to school funding is still almost $20 billion over 10 years if you use our plan as the status quo. Sure, there has been a lot of discussion about what should be the relevant status quo—the Abbott status quo or the Labor status quo—but that point still remains. Sure, there has been a $5 billion improvement in the overall pool, but these significant cuts to an alternative plan to school funding are still there. This will reduce the quality of education that schools can provide. It will affect New South Wales schools, which have been on a much better plan. Unfortunately, the grief I still feel here is best described by what the Australian Education Union indicated should be the alternative. They said, ‘Preserve the existing agreements—continue them on their six-year plan, continue Victoria on its slightly longer plan to a consistent student resource standard and renegotiate with those other states that weren’t able to become participating states.’ That is what has not happened here.

The 20 per cent low rate for government schools still means that only 85 per cent of government schools will get to their fair funding level. That is the big concern about this shift. Let me say that again: the 20 per cent for government schools embedded in this bill still means that only 85 per cent of government schools will get to their fair funding level. Because we have not been able to see any government modelling, and I gather the minister still has not responded to the Senate’s order for production of documents, we cannot properly understand which those schools are. Where are those schools? We are reasonably confident a fair proportion of them are in the Northern Territory. But where is that 15 per cent of public schools that will never reach their student-resourcing standard?

Hopefully the new student resourcing board will be able to enlighten us on some of those issues. We can look at the more appropriate ways to target policy to help those schools get to an appropriate student resource standard. But this plan still does not get many public schools there. Remember, no state or territory has agreed to increase their funding, and we will get to a discussion later about how feasible the arrangements proposed really are. I have characterised them pretty clearly, I think. They are a stick approach rather than a carrot approach, and Labor fundamentally believes that they will not work. Of course, then we have this perverse situation where they may indeed encourage some states to withdraw funding.
from non-government schools. This may indeed encourage some states to retreat rather than improve their funding.

So, Minister, I have just two questions of you in relation to these amendments. The first is: what does this faster transition mean in terms of the share of the additional funding that will go to public schools? You will have heard the concerns that 80 per cent of the additional funding under Gonski 1.0 went to public schools and only 50 per cent of the Gonski 2.0 additional funding would have gone to public schools. So my question now is: what proportion of the additional funding in—what shall we call it? Perhaps I should consult the crossbench. Will we call this Gonski 2.0+?

Senator O’Neill: It’s a minus.

Senator JACINTA COLLINS: Yes, that is a good point, Senator O’Neill; it is a minus in terms of the overall funding amount.

Senator Hinch: It should be ‘plus’.

Senator JACINTA COLLINS: You prefer ‘plus’? It is a ‘plus’ on the status quo, which was the bill, so I will grant you ‘plus’. What proportion of the funding under Gonski 2.0+ will go to public schools?

The other question I have, Minister, is on issues related to teacher wages. We have heard, from a number of parties, concerns about how this model might impact on the wage cases and claims of teachers across the various different sectors and states. My question is: what, if any, impact will this faster transition of funds over six years as opposed to the 10-year plan—so, the additional $5 billion—have on the pressures related to teacher wages? If it is going to achieve an improvement and not damage the appropriate reward for good quality Australian teachers, that will be good, but if it is essentially not going to make much difference because the model really is not addressing those issues and the government does not have any other plans in relation to rewarding quality teaching, then that is a point worth understanding.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (18:17): I acknowledge and thank Senator Collins for her acknowledgement that the opposition will not be opposing these amendments and have provided their support to these amendments.

My understanding is that, in total, over the 10-year period, around 65 per cent of that additional funding now available will flow towards the public sector, and that is of course, broadly speaking, commensurate with the enrolment share across different sectors in Australia.

In terms of your question about teacher wages, Senator Collins, as you would know, because they are negotiated through industrial processes by the different school system authorities or individual authorities, they are really matters for those systems. As you are aware, through the bill there is consideration given to overall wages growth as part of the indexation arrangements.

Senator HANSON-YOUNG (South Australia) (18:19): I would like to speak briefly to these amendments as circulated by the government. These of course relate directly to the issues raised by the Greens in terms of making sure that we do not make Australian kids wait an entire decade to get their school resource standard up to something that is appropriate. We know that kids are struggling in schools right across this country and we know that the bulk of
underfunded schools across Australia are public schools. They have waited far too long for the injection of money that has been promised and then unpromised and promised again. It is a relief that we finally have some commitment to bring forward the obligations to ensure that our schools right across the country that are underfunded can start to catch up.

We know that, when the Gonski reforms were originally envisaged, the recommendations of David Gonski and his panel talked a lot about the fact that we had to start putting our schools on an equal footing; we had to put in a lot of effort to get schools that were well behind up to a standard which was acceptable. Of course there are schools that continue to be well and truly overfunded, and the Greens have an amendment that will start to rein in some of that overfunding at a faster rate as well. In conversations with members of the crossbench, with the government and with the opposition I think it is clear that 10 years was too long. I welcome the fact that the government has acknowledged that and I welcome the change as a genuine attempt at a step forward to deal with the inequalities and disadvantages particularly in our public schools across the country. The Greens strongly support this amendment and will be very pleased to see it pass.

Senator XENOPHON (South Australia) (18:21): With the National School Resourcing Board, will there be that level of accountability where the chair of the board or a senior member of the board will be required to appear at Senate estimates? That is three times a year where there will be that level of accountability, and of course there is nothing to stop the references or legislation committee insisting that they appear more regularly in respect of their very important work.

I want to acknowledge the good grace of Senator Collins in this very long debate. If she were out there as a barrister I think she would get lots of briefs, because she is on top of this brief and she has been very assiduous.

Senator Lambie: She’d make more money.

Senator XENOPHON: 'She’d make more money,' says Senator Lambie! I think the minister may acknowledge that Senator Collins has been a very worthy adversary for the government—he does—but the important issue here is that whatever differences we have I think there is unanimity in this chamber that this is a package with more money, more accountability and more transparency than it had at the beginning of the process. This is something that Mr Gonski, Ms Greiner and Dr Boston have all said is an improvement, and I want to genuinely thank Senator Collins for her good grace. I understand that there is a very clear line in the sand between the Labor Party and the government, and indeed some of the crossbenchers, on this, but sometimes a bit of grace is lacking in this place and I think Senator Collins showed a great deal of grace in her statement. I appreciate that.

In terms of this amendment to bring things forward six years, in the end the Greens could not support this legislation but I think they did play a very constructive role in this debate that should be acknowledged. Of course that goes for my crossbench colleagues such as Senator Hinch and Senator Lambie.

Apart from reiterating that this is a package of measures that I and my colleagues negotiated with the government to condense this to six years, to get better outcomes more quickly, will the chair of the board be accountable before estimates? That is a very simple question. I am happy with a yes or no, Minister.
Senator BIRMINGHAM (South Australia—Minister for Education and Training) (18:24): Senator Xenophon, thank you for your good comments right around the chamber, many of which I had already indicated in acknowledging people. Indeed, Senator Collins and Senator O’Neill are worthy adversaries in these discussions. The answer is yes—the chair would be available to be called to estimates when estimates committees thought that was necessary and appropriate.

Senator JACINTA COLLINS (Victoria) (18:24): I simply have to share with the chamber at this hour that my husband, whom I have barely spoken to all day, says, 'Thank you very much, Senator Xenophon'!

Senator Birmingham: What, for encouraging you to go and get a better-paying job?

Senator JACINTA COLLINS: Ha ha! No.

Senator BERNARDI (South Australia) (18:24): Just as a point of clarification: this amendment is basically going to affect the bottom line of this funding package to the tune of $4.9 billion. I did note that in the minister’s opening remarks yesterday he said he would be making amendments but that they would not impact the budget at all. How do you reconcile this increase of $5 billion or thereabouts with your opening remarks?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (18:25): I invite Senator Bernardi to look back on the remarks. I indicated that the long-term structural position of the budget would not be affected by decisions the government was taking. Indeed, the impact of these amendments, which bring forward the transition to a common school funding share across the country, do of course have impacts over the shorter-term periods in the budget, but by 2027 the final position remains the same.

The CHAIR: The question is that requests (1) to (15) on sheet GX160 be agreed to.

The committee divided. [18:30]

Ayes ......................54
Noes ......................2
Majority .................52

AYES

Back, CJ
Brown, CL
Cameron, DN
Collins, JMA
Di Natale, R
Duniam, J
Fawcett, DJ
Fifield, MP
Gallagher, KR
Gichuhi, LM
Hanson, P
Hinch, D
Kakoschke-Moore, S
Lambie, J
Ludlam, S
McAllister, J
McGrath, J
McKim, NJ

Brandis, GH
Bushby, DC
Canavan, MJ
Cormann, M
Dodson, P
Farrell, D
Fierravanti-Wells, C
Gallacher, AM
Georgiou, P
Griff, S
Hanson-Young, SC
Hume, J
Ketter, CR
Lines, S
Marshall, GM
McCarthy, M
McKenzie, B
Moore, CM
On 22 June 2017, the following senator was present:

**SENATE CHAMBER**

AYES

- O'Neill, DM
- Paterson, J
- Rhiannon, L
- Roberts, M
- Scullion, NG
- Siewert, R
- Smith, D (teller)
- Waters, LJ
- Williams, JR

- O'Sullivan, B
- Pratt, LC
- Rice, J
- Ruston, A
- Seselja, Z
- Singh, LM
- Sterle, G
- Whish-Wilson, PS
- Xenophon, N

NOES

- Bernardi, C (teller)
- Leyonhjelm, DE

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Question agreed to.

**Senator DI NATALE** (Victoria—Leader of the Australian Greens) (18:35): I would like to direct a question to Senator Hanson, through you, Chair. Senator Hanson, I am interested in whether the issue of children with autism in schools was raised during your conversation with the minister? Your comments relating to children with autism needing to be in separate schools and not being able to get an education through the mainstream education system have generated much controversy today. I am interested to know whether you raised that issue at any time through your discussions with the minister during consideration on this education bill?

**Senator HANSON** (Queensland) (18:36): I am glad you have raised this, because I think you are totally misled. You are misinforming this parliament. I never said that children with autism would not be in normal, average schools. I said that they should actually have a special classroom. They should have a classroom where they actually have the special attention that they need with the teachers. I have actually had a lot of comments from teachers who are contacting my office and are saying that it is clearly a problem in the classrooms that has not been addressed. Parents are also saying, 'It is a great idea and thank goodness someone has finally opened up the debate on this and actually wants to discuss it.' Anyway, we have had a lot of support today from people who believe this needs to be opened up for debate. All children deserve a decent education, and I think what the government has done in this bill to increase the funding for autism in schools is a wonderful idea. I believe it has gone from approximately $690 million up to $1.23 billion, so that is much appreciated, especially by Giant Steps—they are very appreciative of it. Giant Steps is a school for autistic children. Their parents had trouble getting them into schools and they did not fit into schools, and that is why Giant Steps has been started.

There is another thing. I had a letter from a 15-year-old boy today, and he said: 'You are right in what you said. I went to a state school and I was bullied. I was not treated properly and I was left out of excursions, to the point I felt like I could die. It was not till mum found
me a Catholic school for special kids that I then started to learn properly. I felt accepted and I went on excursions.'

I think what is important is this: let's have the debate about it. There clearly is a problem. Because I raised an issue, you have mislead this parliament about what my true statements were. You were not interested—through the Chair. I do not believe the Greens or the Labor Party are interested in what I have to say. I think it has been political pointscoring. Parents and children have heard these comments. They have been taken completely out of context.

Everyone deserves a decent education. As I said in part of my speech—I wish I had it here to say it word for word—if it were one of my children I would want them to have all the special needs and attention that they truly deserve. Do not throw the baby out with the bathwater. Look at the problems out there. Listen to what the people are saying. Listen to what the teachers are saying. Even the Queensland Teachers' Union admit there is a problem with autism in the classrooms—that teachers are not taught or qualified in how to handle this. That has to be addressed.

Senator DI NATALE (Victoria—Leader of the Australian Greens) (18:39): Through you, Chair, I perhaps will explore the idea of 'special classrooms'. That is a new concept. I thought Senator Hanson was proposing that children with autism did not deserve an education through the mainstream education system, but we now have a concept of special classrooms. Was that issue of special classrooms within mainstream schools, or indeed the issue of ensuring that children did not go through the mainstream education system, raised at any time with the minister, Senator Hanson? Senator Hanson?

The question that Senator Hanson has refused to address—indeed, today the minister refused to address—was whether the issue of children with autism attending mainstream schools was part of the negotiation over the education reforms. Senator Hanson, you have an opportunity to set the record straight here and make sure that you are straight with the Australian people. Was this part of your negotiations with the government?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (18:41): I just want to say a couple of things in response to Senator Di Natale's question. Firstly, that question was asked last night in the Senate committee stage. At that time I made clear that such issues were not raised in negotiations with Senator Hanson during discussions about this legislation. In fact, Senator Hanson and I had discussions about a range of issues, as she has noted, in relation to teacher quality. We discussed, indeed, the application of the nationally consistent collection of data on students with disability, and in that we did discuss students with autism, but at no time in such discussions did Senator Hanson suggest that students with autism should not be in mainstream schools. At no time did she suggest to me that we should not be pursuing, wherever possible, inclusive policies.

Senator Hanson was interested to understand how the NCCD process works, and I am also very pleased to tell the Senate that, as a result of the amendments just passed in relation to disability funding, the investment in support for students with disability and their families will increase from an estimated $20.6 billion over the next decade to some $21.2 billion over the next decade. That is, of course, a $600 million increase on what was already a very significant increase in support for students with disability.
Of course, one of the important features of using the nationally consistent collection of data on students with disability, one of the very important features, is that students are identified in their school, by their school, based on the level of adjusted assistance that is required for those students. In relation to something like autism and its impact in a school environment, it is widely appreciated—I am sure particularly by you, Senator Di Natale—that there are students who have different levels of adjustment and need different levels of support. The NCCD process will allow schools to differentiate and then receive different levels of support reflective of the different needs of those students with autism, just as it is reflective of the different needs of students with disability overall.

I do hope that provides clarity and context to discussions, also to how the support for students with disability will operate in relation to this legislation. As I indicated in the Senate today, the government is very committed to ensuring the NCCD process works. We are very committed to ensuring that schools around Australia meet their obligations under the national disability standards. We are very committed to making sure those disability standards keep up with the expectations and rights of students with disability. We are very committed to all of that because we know that extra resources and support—and better targeted support, under the NCCD arrangements—will enable schools and teachers to respond and ensure the right classrooms and resources are available to support students of all needs and in all environments to have an inclusive and successful education.

With those remarks, Chair, I do want to move on. I seek leave to move government amendments (1) and (2) on sheet GX158 together.

Leave granted.

Senator BIRMINGHAM: I move:

(1) Schedule 1, page 18 (after line 23), after item 49, insert:

49A Section 6

Insert:

school education reform agreement has the meaning given by subsection 22A(6).

State-Territory contribution amount has the meaning given by subsection 22A(2).

(2) Schedule 1, item 60, page 20 (lines 17 to 22), omit section 22A, substitute:

22A Conditions of financial assistance—State-Territory contributions

(1) A payment of financial assistance under this Act to a State or Territory is subject to the following conditions:

(a) the total amount of funding provided by the State or Territory for a year for government schools located in the State or Territory must equal or exceed the State-Territory contribution amount for government schools in the State or Territory for the year;

(b) the total amount of funding provided by the State or Territory for a year for non-government schools located in the State or Territory must equal or exceed the State-Territory contribution amount for non-government schools in the State or Territory for the year.

(2) The State-Territory contribution amount for government schools or non-government schools in a State or Territory for a year is the amount worked out using the following formula:

State-Territory share for the State or Territory x Total SRS amount for the State or Territory
Unless the State or Territory's school education reform agreement specifies otherwise, the State-Territory share for the State or Territory for a year from 2018 to 2023 (inclusive) is the percentage worked out using the following formula:

\[
\text{Starting State-Territory share} + \left(\frac{\text{Final State-Territory Share} - \text{Starting State-Territory Share}}{\text{Transition rate}}\right) \times \text{Transition rate}
\]

where:

- **final State-Territory share** means the State-Territory share (within the meaning of subsection (4)) for government schools or non-government schools, as the case requires, for the State or Territory for a year after 2023.
- **starting State-Territory share** means the percentage prescribed by the regulations for the year for government schools or non-government schools, as the case requires, in the State or Territory.
- **transition rate** means:
  1. for 2018—0%; and
  2. for each later year—the transition rate for the previous year increased by 20 percentage points.

Unless the State or Territory's school education reform agreement specifies otherwise, the State-Territory share for the State or Territory for a year after 2023:

(a) for government schools is:

- (i) if the starting State-Territory share (within the meaning of subsection (3)) for the State or Territory for government schools is 75% or less—75%; or
- (ii) if the starting State-Territory share for the State or Territory for government schools is more than 75% but less than 80%—the starting State-Territory share; or
- (iii) if the starting State-Territory share for the State or Territory for government schools is 80% or more—80%; and

(b) for non-government schools is:

- (i) if the starting State-Territory share for the State or Territory for non-government schools is 15% or less—15%; or
- (ii) if the starting State-Territory share for the State or Territory for non-government schools is more than 15% but less than 20%—the starting State-Territory share; or
- (iii) if the starting State-Territory share for the State or Territory for non-government schools is 20% or more—20%.

The total SRS amount for the State or Territory is:

(a) for government schools—the sum of the amounts worked out under Division 2 of Part 3 for the year for each government school located in the State or Territory, as if the Commonwealth share for the year were 100%; and

(b) for non-government schools—the sum of the amounts worked out under Division 2 of Part 3 for the year for each non-government school located in the State or Territory, as if the Commonwealth share for the year were 100%.

The school education reform agreement for a State or Territory is the agreement between the State or Territory and the Commonwealth relating to implementation by the State or Territory of school education reform mentioned in paragraph 22(2) (b).

These amendments relate to state and territory contributions. As I have indicated to the Senate numerous times recently and indeed in public debate, one of the key features that the Turnbull government sought to put in place with the bill that it has brought to the parliament was some means for the Commonwealth to hold state and territory governments accountable for at least maintaining their real share of funding and investment into the future to at least ensure that
state and territory governments could not do as some of them have done in the past, which was to take increased Commonwealth dollars with one hand and pocket them with the other. When state and territory governments did that, it provided no net benefit to students or schools; it simply provided a benefit to the bottom line of those state budgets, which was contrary to the intent of the governments, be they Labor or coalition, making that increased investment. So we put in place those provisions.

There was constructive engagement of those on the crossbench, including those who wanted to hold and make sure they held different players in state and territory governments to account and wanted to make sure that, with the Commonwealth government moving towards the consistent application of a share of schooling resource standard across all states and territories, there was some means to reflect the fact that some states do more to pay that full schooling resource standard than do other states.

I look around the country and know that, with 20 per cent of the schooling resource standard to be provided to government schools from the federal government, Western Australia on its current contributions and the ACT will exceed 100 per cent of the schooling resource standard for those government sectors. We know that Tasmania will virtually meet 100 per cent, that South Australia will come close to 95 per cent—the target set by the previous Labor government—but that then it drops away across some of the other states and territories. The amendment put before us today seeks to put in place a means of holding the states somewhat to account to reach that 95 per cent target for all of them, to put in place a capability for the minister of the day, if the states do not put in increases alongside the increasing Commonwealth contributions, to look at the level of Commonwealth contribution and ensure that it is more proportionate to that state or territory if they believe that the scale of contribution required is in fact not as great as the schooling resource standard would dictate.

These measures should be viewed as an incentive mechanism. They do set into the legislation very clearly a target, and that target is very clear for all to see: achieving 95 per cent of the schooling resource standard across the board. Equally, they do provide capacity for us to negotiate with the states and territories about the achievement of that target and to set terms around that via regulation following those negotiations. I commend the amendments to the Senate. I again note that they were developed in part out of the processes of the Senate inquiry, out of the advocacy of various stakeholders both in and out of this place and particularly out of the work of some elements of the crossbench.

**Senator JACINTA COLLINS (Victoria) (18:48):** As the minister has indicated, these amendments deal with locking states into increasing their funding in five equal increments until they are at 75 per cent of the student resourcing standard. It also allows states that are above 80 per cent of the student resource standard funding—currently the ACT and Western Australia—to reduce their funding, which essentially allows some cost shifting. I have raised this perversity in the past in relation to the Grattan Institute's suggestion to the Senate committee inquiry that states might retreat—or, indeed, that states could consider and perhaps should retreat—from their existing funding arrangements in that respect. Indeed, here we potentially have that shifting in relation to the ACT and Western Australia.

The minister referred to the Senate committee inquiry and other submissions leading to some of the further work that is involved in this amendment. Minister, having observed at least the public elements of that process, my reflection would be that these amendments are
not well informed. We have had the discussion about how well informed was this policy shift from the combined approach as recommended by the Gonski review to the Commonwealth share approach. I remain to be shown anything that informed that shift. I continue only to be told that cabinet determined it, rather than any informed thought, discussion or policy development. Even the Grattan Institute could not assist there.

These amendments basically represent a will or desire that states do certain things. As I have said previously, it has been very naive to suggest that one size fits all will work in this federation in relation to school funding. I suspect the future will highlight that. I suspect the future will highlight that this attempt to tie states and territories with this stick approach is not going to work either. There has been nothing that we have observed coming out of the ministerial council or coming out of COAG that gives us any confidence at all that this approach might work.

In this area it enables crossbench senators to suggest that they tried, and there is something there to try to deal with state and territories, but, as one of the few remaining senators from previous government, I have to express my scepticism that these arrangements will work at either a ministerial council level or a COAG level. I say that with regret, but I also say it with the experience of having worked with states and territories across governments of different persuasions to build the nationally consistent data set for students with disability. I have participated in these forums and I know how they can work when state and territories attempt to work together or when states and territories involve genuine consultation and engagement with the non-government school sectors as well. There is nothing in these amendments that gives me any confidence that this process will work or that it will be enforceable in any other way other than public accountability that might be available through the school resourcing board. I have to say that we can have very little confidence that these arrangements will operate that some crossbenchers, particularly, might have been attempting in encouraging the government to establish this.

That aside, Labor still fundamentally believes that all schools across the country should move to a fairer funding level than this 75 per cent of the student resource standard. We believe that the 95 per cent that we struck under Gonski 1 was the appropriate level to aim for, and this 75 per cent state, you say, is still not getting schools to the combined level that we need them to be at, especially given my earlier remarks about the six-year transition and the number of schools that under the six-year transition still will not get to the level we need, or the number of public schools in that case, to the level we need them to get to.

At risk of being repetitious here, the review of funding for schooling clearly stated that this needs to be done in partnership with states and territories, again with that combined resourcing approach that is lacking from these amendments within the overall framework. This is why Labor worked with states and territories to achieve this. We have had the government, for the last four years, telling us: 'State contributions don't matter; it's up to them. They should be able to do their own thing.' Now, all of a sudden, we are back to an attempt—it is not a realistic attempt; it is not an enforceable attempt. In fact, what is that expression—putting lipstick on a pig? That is probably a better characterisation of what is occurring here, because now, at the last minute, the government is trying to rush through an amendment that seeks to bind state government budgets, with absolutely no discussion or agreement with states and territories and no advice as to how enforceable those arrangements might be.
So, arising from that, Minister, I have two questions. One is: how many different agreements and arrangements will we end up with under these new concessions? Senator O'Neill, I understand, has already asked this question in a different discussion. But, Minister, I understand that there has been no response. Given the somewhat glib characterisation earlier from other senators about the 27 different arrangements, I am really not sure that we have moved that far away from 27 different arrangements, with a range of other accommodations.

Overall, that might more adequately deal with our delivery of school education in Australia than the provisions originally in the bill, but let's just make that point. This is no longer the pure one-size-fits-all arrangement that the minister has told us consistently, for the last six months probably, was his objective. And indeed, Minister, could you answer: why are you allowing the ACT and Western Australia to cost-shift to the Commonwealth by reducing their funding to schools to 80 per cent of the SRS?

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (18:57): The Commonwealth takes the view that, in the setting of the schooling resource standard—which of course will be developed and enhanced via the review methodologies the senators debated—a 100 per cent target for the schooling resource standard is an appropriate target to have in place. We obviously seek to ensure, as I indicated before, that no state that is below that target is able to cost-shift onto the Commonwealth. We seek to ensure, though, that every state is treated equally. In terms of your question, I am happy to inform you that our anticipation is that after 10 years, across the states, all government school systems will be receiving one consistent 20 per cent share of the schooling resource standard. Across the states, all non-government school systems will be receiving one consistent share of the schooling resource standard.

This is about getting rid of differential treatments and having circumstances in which children of virtually identical need in schools of virtually identical circumstances can, in one state of Australia, receive significantly different levels of funding from their national government than they do in another state of Australia. It is about seeking to be blind to state boundaries, but in recognition that yes, we want to seek an aspiration of states and territories meeting the schooling resource standard or thereabouts. We have sought to apply this mechanism so that the states—Queensland, New South Wales and Victoria—that do not come close to meeting the 95 per cent, or plus, target of the schooling resource standard have an incentive in which to do so and within which to put in the additional investment to do so. It does get to 95 per cent, because we are seeking to encourage the states towards a 75 per cent share of the schooling resource standard plus the proposed 20 per cent share from the Commonwealth, which, of course, equals 95 per cent of the schooling resource standard.

This is about creating an incentive mechanism that sits alongside and works in tandem with the mechanism we already have to ensure that there is no cost-shifting. But we also do not want to undermine the constitutional autonomy of the states in relation to school funding, so this is about creating an incentive. Yes, the states will still be free to set their funding levels, but for the first time the Commonwealth minister will have clear powers and clear reasons to be able to respond if the states and territories reduce their funding, rather than having the Commonwealth minister's hands tied while the states and territories cut their funding, as we saw in the last report on government services data, which was released by the Productivity Commission, which showed that additional Commonwealth funding for school education had
flowed into my home state of South Australia but in that year the state Labor government had reduced its funding for school education, therefore negating the benefits that were intended to flow through to schoolchildren and schools in South Australia.

**Senator HANSON-YOUNG** (South Australia) (19:00): First, the Australian Greens support this raft of amendments. We have been advocating for this. As a result of the Senate inquiry we put this in our recommendation and over the past couple of weeks we have been advocating for the government to do something to tie the states into the process. I think this is a good step forward and I am thankful that the crossbench has seen the sense in supporting this, as well. It is absolutely important to ensure that we do not have just the federal government doing their part of the bargain, without ensuring that the states are fundamentally tied into this process. We do not want to see state governments crab-walking away from their commitments to education, thinking that in next year's budget, or the year after that or the year after that, that they can cost-shift and find savings in education. We know that state and territory governments routinely do this.

Sadly, despite the fact that we are in 2017 and you would think wiser heads would prevail, state governments, as well as federal governments, somehow still think that budget savings in education are a smart idea. We all know that cuts to education are dumb cuts, whether it is in the schools sector, in early childhood or in our tertiary and higher education sector. Cutting funding to education drives this nation backwards. At a time when they have high youth unemployment, when we have low job growth, when we have an immense transition of the workforce, the absolute last thing we should be doing is finding cuts in education.

This amendment, as the minister has outlined, is designed to try to tie the states in, to bring them to the table to ensure that they too play their part in the role of bringing schools up to the resource standard and ensuring that everyone across all levels of funding is committed to genuine needs based distribution.

I have a couple of questions for the minister. In regard to the criteria for maintaining funding, obviously it is a condition of federal funding that states maintain their level—they cannot drop below. What type of indexation rate will that be set at, because, of course, it is in regulation and not in the act itself?

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (19:03): Was the question about the indexation rate for the schooling resource standard?

**Senator HANSON-YOUNG** (South Australia) (19:03): For the states to maintain funding.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (19:03): For the states to maintain funding for their funding-maintained arrangement, it is intended that they maintain what is their share of the schooling resource standard that they pay in 2017 into the future. The amendment before us is about the states and territories where that is below 80 per cent or 20 per cent, for the respective sectors—that they grow it. Because it is aligned with the share, the intention is that it, as a share, grows with the schooling resource standard, which is growing by 3.56 per cent over the next three years. Then, the formula indicated in the bill is a composite of 75 per cent wages growth and 25 per cent inflation growth.
Senator HANSON-YOUNG (South Australia) (19:04): Thank you, Minister. I now want to ask some questions about maintaining funding from the federal government in relation to the Northern Territory. Could you please outline what we are going to do to ensure the Northern Territory is protected, given its circumstances. We know that already Northern Territory schools are funded above the 20 per cent share. I would like to hear how the minister intends to ensure that children in the Northern Territory are not disadvantaged.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (19:05): As I have indicated to the Senate before, the government took a decision outside of the model as such to budget funding for the Northern Territory—the additional funds necessary for them to maintain their existing share of the schooling resource standard, noting the unique circumstances there and reflecting the fact that NT students will, of course, continue to receive far and away, as I was indicating to Senator McCarthy last night, the highest per-student funding in the country, befitting the needs of those NT students. As outlined in the budget, in no way is the Commonwealth proposing to reduce the share of the schooling resource standard for the Northern Territory. That is being topped up in the budget out of some additional funding, which is around $35.6 million over the budget period.

Senator HANSON-YOUNG (South Australia) (19:06): What level of Commonwealth share does the amount to keep NT schools at the resource standard ensure that the federal government maintains for the Northern Territory?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (19:06): We are just double-checking the precise figure, but it is 23 point something.

Senator HANSON-YOUNG (South Australia) (19:07): I am happy for the minister to confirm that later on down the track if need be. Of course, the Greens are very concerned about what would happen to the Northern Territory if, indeed, we did not maintain a level that is well above the common share of 20 per cent. I would like that figure confirmed, because it is absolutely essential that, whoever is in government and whatever commitments they want to make schools, we do not see funding to Northern Territory public schools drop in any way.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (19:07): Just to quickly give Senator Hanson-Young the answer to that earlier question, in fact I was slightly underestimating. It is 24.2 per cent.

Senator O'NEILL (New South Wales) (19:08): I have just a quick question. In the conversations that have been had at estimates since the arrival of the Abbott government and in the period of the Turnbull government, one of the questions that we have constantly asked is about what was happening with the distribution of funding, and the response that we got from the government over and over again was that to call on the states to account for the money that the federal government was providing to them was to increase red tape. It was a particularly frustrating response to receive. It was not seen as accountability at all to have the states account for the money. If people are interested in this, they could look at the Hansard and they will see Senator Ryan, representing Minister Pyne, and Mr Cook, as the acting head of the department, saying over and over and over again that the sort of thing that is now being proposed in this amendment was red tape. What has changed, Minister?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (19:09): I think that is a carbon copy of a question that we explored in Senate estimates.
There are significant changes, Senator O'Neill. You would recall that the type of red tape that was being discussed was the idea that every school in the country would have to go through a process of submitting a school improvement plan as part of the funding, a highly bureaucratic process, whereas what we are seeking to put in place here are accountability mechanisms particularly for the states and territories.

Specifically, we have been discussing accountability mechanisms that relate to their maintenance of funding and/or their growth of funding. We are also discussing accountability mechanisms so that where states and territories agree to undertake certain reforms, such as they did in response to the teacher quality review, there is some capability for the federal government of the day to ensure that those reforms are actually followed through—in that case, to lift and enhance the quality of teachers, or perhaps the application of the national curriculum in another case or, indeed, whatever else the second Gonski review may discover and that they may agree to.

The TEMPORARY CHAIR (Senator Leyonhjelm): The question is that amendments (1) and (2) on sheet GX158 be agreed to.

Question agreed to.

Senator BERNARDI (South Australia) (19:10): by leave—I move Amendments (1) and (2) on sheet 8160 together:

Clause 2, page 2 (table item 4), omit "176", substitute "181".

Schedule 1, page 37 (after line 26), at the end of the Schedule, add:

Part 4—Limiting commitments

177 Subsections 67(2) and 69A(1) (note 2)

   Repeal the note.

178 Subsections 112(3) to (5)

   Omit "section 126", substitute "subsection 126(1)".

179 Section 126

   Before "The Consolidated Revenue Fund", insert "(1)".

180 Section 126

   After "for a year", insert "commencing before 1 January 2022".

181 At the end of section 126

Add:

(2) Payments of financial assistance under this Act to a State or Territory for a year commencing on or after 1 January 2022 are to be made out of money appropriated by the Parliament by another Act.

Amendments (1) and (2) on sheet 8160 together.

The theme through my contributions to this debate has been the requirement for governments to act responsibly and within their remit. That means that their funding needs to be applied over the course of the forward estimates, where they are accountable and where the impacts that are going to be on the budget bottom line are displayed to the Australian people. They are not fanciful projections, if I can say that. They are not pie-in-the-sky anticipations of glowing revenues and blossoming economies. They are actually put down in black and white.
We know that we cannot rely on the forward projections when it comes to revenue, but we more or less can rely on them when it comes to expenses. If you double the government's estimates you will probably be pretty close to where their expensive programs roll out. However, in this case the government have been sneaky; they have been tricky. This is exactly what they condemned the Labor Party for when Labor were in office: for making an announcement over a decade or more, with expenditure weighted into the latter years so that it did not interrupt or damage their budget bottom line but so they could go out there with spin and say, 'Look at us! We're fiscally responsible!'

Well, they are neither of those things. They are not interested in better educational outcomes—either side, to be frank—because the measuring and the statistics are not there. There is no criteria to peel back the layers and to say, 'I'm terribly sorry, you've failed at your school to educate your children properly so we are going to peel back your funding.' And when the government announced Gonski 2.0, which was a political fix—or an attempt at a political fix; whether it works or not!—it was scheduled to spend $1.9 billion in the forward estimates, or thereabouts, and the remainder of the $18 billion in the never-never. This was on the presumption that they would not be in power.

That is a smoke-and-mirrors trick! It is exactly what they condemned in Labor, but now they have said, 'Well, we're only spending $18 billion.' But in the blink of an eye, at the stroke of a pen and at the demand of a crossbencher, another $4.9 billion magically materialises. That is another $5 million a week in interest payments that the very people who they are purporting to want to change the educational outcomes for are going to have to pay back for decades and decades to come! They are robbing from tomorrow to prop up their political perils today.

There has to be a better way. There has to be a way that we can have confidence, not only in government projections but in government accountability. You should not be able to sow what would be known in corporate takeover parlance as the 'poison pill'. The poison pill is where you lay a landmine so that when someone comes along who does something that you do not really like, or if you think you are going to lose your grip on power, it is going to blow up in their faces.

Putting funding out there on a 10-year projection is a poison pill. It is designed to put off until tomorrow the things you need to deal with today. It is designed to ensure that, should you lose your grip on power because of the wisdom of the Australian people, the other mob are going to have to pick up what has been left behind. Labor were experts at this and, quite frankly, the coalition belled that cat, and they did it properly. They said, 'Gonski 1.0 is not a funding cut because the funds were never there in the first place.' Well, I am telling you that with Gonski 2.0 the funds are not there either. They cannot project revenues into the next year accurately. Every year we hear there is going to be a deficit of $20 billion or whatever it might be, or a surplus. In fact, since 2009 we have been told a surplus is just around the corner, but it is yet to materialise and we are now $500-plus billion in debt. And the minister, through the stroke of a pen, added another one per cent to that yesterday. If anyone here does not think that that is completely bonkers and an abrogation of duty, they should not be here. But this is the problem. On this side of the chamber, for this crossbench, success is measured by how much money it can gouge out of the government so that it can pursue its agenda. I think we cannot afford that anymore. Every intervention from the Nick Xenophon Team costs
the Australian taxpayer billions of dollars. It is funnelled into their little target measure. We are seeing the same now from others here.

Let me be frank: I am very happy to say that I want to save the taxpayers' money. You can get better educational outcomes by making sure the existing funding, or even supplementary funding, is commensurate and dependent on children being better educated. You cannot have people coming out of schools who are not literate or numerate to a sufficient standard. You cannot have them going into university studies and graduating in degrees that are never going to get them a job and never have a meaningful financial or beneficial outcome for them. But it is a great financial and beneficial outcome for universities, because they only care about the students coming in. That is what this bill does: this funding is only about the students coming in. 'We do not give a hoot about the outcomes,' is basically what this government is saying—'As long as you get the students into the schools, you can teach them what you like and off we'll go.' I, for one, say that is absolutely wrong. This is a gross dereliction of duty by the legislators in this place and in the other place. They are spending money they do not have on promises they will not uphold on outcomes that will remain unknown.

And so it is time to inject a bit of fiscal sanity into this. The amendments I have proposed here are that the funding will be allocated in accordance with the government's own projections over the forward estimates—in fact, slightly further on than that because we are already into the first year. Basically, they say: 'Yes, the funding is there for the next four years. Then, if you want more funding to pursue it, come back to the parliament and resubmit it again and have the discussion again about the best way forward.' Do not pretend that this is offering certainty or surety for any school in this country, because it is not. At the stroke of a pen, at the change of a government, whoever can negotiate an even bigger, better or worse deal—however you want to describe it—will then be able to change all of this. If you want proof of that, let's remember what Labor did. When the Labor Party were in government, they promised Gonski 1.0 to provide certainty and surety. They guaranteed it would keep going. They did special deals and all of those things. I make no judgement about that. But they promised the schools that there was certainty going forward, and what is happening? We are changing it!

There are only two things that are guaranteed in this place: the first is that we will all get kicked out at one point out or will leave; and the second thing is that the government, of whatever persuasion, is going to tax the Australian people more. It is not death and taxes; it is political death and taxes, in this case. The problem we have is that by appealing to the base instincts of schools or dressing these things up in moral dimensions and saying, 'Unless you do this, our kids will miss out,' we are neglecting the true fundamentals—that is, that money does not solve problems and government intervention does not solve problems. In actual fact, government intervention, more often than not, creates unforeseen and untold numbers of further problems.

So, if we want to confine them and we want to restore the accountability and the credibility, quite frankly, of politics in this country, we can start right now. We can start now by saying: 'Let's accept that the government's got an agenda it wants to pursue. People want to improve it, change it and modify it as they see fit. But let's hold them to account on the forward estimates so that the spending they want to spend now is on their heads. Then, if they are elected for another term, and in four years they want to do it all again and they think,
"Yes, exactly what we said four years ago is perfect; let's do that," they can introduce the same bill and extend the spending on the same trajectory. But I will wager London to a brick that this funding will not remain in place as it is passed in this Senate—and it looks likely to today—for the duration of the 10 years that they are promising. There is no certainty attached to this bill. The only certainty that can be brought in is by holding the government to account for its promises over the forward estimates in order to stop the funding attached to it then or to allow the government to make its case for the reason it needs to continue or change. It needs to be one of the two.

We stand here not because we are against education—in fact, it is quite the opposite—but because we believe that education is the building block of future success. But it has to be measurable and it has to be wise, and we also have to balance it with the prudence that comes with being a fiscal conservative, where you tend not to spend money you do not have. You can invest money in the future, but investment means you have to know what your expected rate of return is. There is no expected rate of return here, except if you are a politician and you are hoping to neutralise a political deathroll by throwing money at a problem in the hope that it goes away. It will not go away. I think the government is more likely to go away than the problem of our education system. This bill does not save it, but what we can do is improve it.

We can improve it by putting what is effectively a sunset clause on the funding until the government makes its case in four years time. I know it is not politically popular, and I do not expect too much support, quite frankly, in this place because it would hold too many of them to account.

Senator LEYONHJELM (New South Wales) (19:22): I rise to express support for Senator Bernardi's amendment to limit the appropriation provided by the Australian Education Act to 2021. It is such a good amendment, I wish I had thought of it myself. It is a modest amendment. It does nothing to alter the architecture of school funding. It is neither a Labor-friendly amendment nor a Liberal-friendly amendment. It simply prevents this parliament from binding the next one and the one after that.

If the amendment passes, school funding in 2022 and later years would require an appropriation. This could come through appropriation bills which are introduced at budget time and at the time of the mid-year budget update and which are routinely waived through parliament. Or the appropriation could come through amending the Australian Education Act closer to 2022 so that it provides some further years of appropriation. This is procedural best practice. It is how democracy should work, and it is a template that should be applied to every other statute that currently provides an enduring appropriation. If this were done, the government of the day, be it Labor or Liberal, would have a chance of balancing the budget. I commend the amendment to the Senate.

Senator O’NEILL (New South Wales) (19:24): In response to Senator Bernardi, I acknowledge his contribution to the debate and over the course of the last 24 hours and the effectiveness of the suggestion he made about outcomes which appeared overnight in the Greens amendment.

However, Senator Bernardi, Labor are not able to support this amendment up for discussion right now, because ultimately it results in no funding certainty for schools. We do not support the government's legislation, but we absolutely believe that there should be ongoing funding for schools and that it needs to be budgeted for by the government. To
support your amendment would put that significant part of education infrastructure in Australia at risk, so Labor will not be supporting your amendment.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (19:25): I know it will break Senator Bernardi's heart but probably will not surprise him to hear that the government will not be supporting his amendment. I certainly will not insult you, as you would see it, with any of the comments that the chair may have just quietly muttered before. I can imagine your reaction to that. Senator Bernardi, I appreciate the intent behind your amendment. It is the type of amendment that, were you to want to apply sunset provisions across all areas of government spending, would be a means and a mechanism to do so. As Senator O'Neill has indicated, it is also the type of amendment that would create uncertainty, as you got closer to the end, about what the scale of funding would be. We should recognise that there is always an opportunity for the parliament to seek to amend and vary spending commitments that have been made by previous parliaments, as this chamber is doing right now. That is the nature of such arrangements.

The government have sought to chart a pathway that does not follow through with what we believed were both unaffordable and—as I think Grattan Institute has detailed and demonstrated—unwise funding commitments made by the previous Labor government but that, instead, came up with a model that provides fairness and consistency, stops and ends the capacity for state and territory governments to cost-shift back onto the Commonwealth and ultimately seeks to put in place some limit on the share and scale of the contribution to schools that the federal government makes, a share and scale which has been growing for many years now. We have seen state and territory governments, different political bodies and political lobbyists seek to use pressure at different times and junctures to continually push up the level of federal involvement in school education. While the reforms we have passed tonight will grow it, they will also cap it. As we discussed earlier, Senator Bernardi, the obvious impact of getting to a set share and a consistent share across the country is demonstrated by the fact that the 2027 cost estimates do not vary as a result of the amendments that have been made and passed through here during the debate on this legislation.

We think we have put forward an appropriate model. It therefore avoids the risk that your amendment may pose that in four years time an argument may well be made for even greater spending to be put through when such matters have to be reconsidered, which would be contrary, I am sure, to the intent of what you have brought to the parliament. I thank you for that.

I acknowledge, as have others, your engagement in other debates and particularly your focus on school outcomes. On the school outcomes front, I would draw your attention again to the provisions in the bill we have brought forward, particularly section 22, that provide some capacity for the first time for the Commonwealth to make some of the funding provided to states and territories conditional upon their following through on some of the commitments they might make. If we are to be, as has become the case over time, a more significant partner in the funding of school education then we also ought to hold state and territory governments to account for the way it is used, to ensure that it does lift outcomes.

An example I have given during this debate is the agreement reached, during the life of the coalition government, between state and territory governments and the Commonwealth on
teacher education reforms to ensure minimum literacy and numeracy standards for initial teacher entrants and that primary school teachers in future have subject specialisations. Those types of agreed reforms, which can help lift teacher quality in the future, are absolutely things we should have the capacity to ensure the states and territories follow through on, to get better outcomes in place for school education.

Senator BERNARDI (South Australia) (19:29): I will not labour the point, but, Minister, I thank you for that comprehensive answer and for the confirmation that the coalition has abandoned competitive federalism as well as fiscal sanity and prudent spending. But I will make this point: one of the great things about the public advocacy for particular outcomes in policy settings is—you are right—it does apply pressure. But pressure, as well as causing those who are brittle to flake and crumble to dust, can every now and again generate some diamonds. So pressure can be a very, very good thing. I think pressure in this place when applied to people who are committed to principles and upholding values can be a very, very positive thing. Having a public debate about these things is sometimes in our national interest.

This is not a specific criticism of any party or any individual, but too often in politics we are only looking for the expedient quick fix to take the pressure off and to stop the media picking on us or a special interest group from screaming too loudly because it might be inconvenient and drown out the message we want somewhere else. I think that is the wrong way. I think there is an element of that that has occurred in this respect with the government. The fact that pressure was applied by a section of the school community and miraculously $5 billion was conjured out of thin air for the near estimates and a little bit further on I do not think is good public policy. As I said, $5 billion is a significant amount of money. I am disappointed that the attempts by the Australian Conservatives to put some fiscal sanity back into this place have been rejected, but I am very grateful to David Leyonhjelm of the Liberal Democrats. It is not the first time I have heard everyone say how important and good sunset clauses are and how they support them but just not on a particular bill and not on their watch. Somehow they should apply to someone else. It is disappointing, but nonetheless I can read the writing on the wall. I appreciate the courtesy with which you have rejected my pleas to be financially sane.

The TEMPORARY CHAIR (Senator Whish-Wilson): The question is that the amendments moved by Senator Bernardi on sheet 8160 be agreed to.

The committee divided. [19:36]

(The Temporary Chair—Senator Whish-Wilson)

Ayes ......................2
Noes ......................46
Majority ..................44

AYES

Bernardi, C (teller)  Leyonhjelm, DE

NOES

Back, CJ  Birmingham, SJ
Bushby, DC  Cameron, DN
Collins, JMA  Di Natale, R

CHAMBER
Question negatived.

Senator JACINTA COLLINS (Victoria) (19:40): by leave—I move opposition amendments (16) and (18) on sheet 8155 together:

(16) Schedule 1, item 46, page 16 (lines 8 to 21), omit the item, substitute:

46 After paragraph 3(1) (c)

Insert:

(ca) to ensure that, as the Commonwealth increases its school funding, the States and Territories also increase their school funding so that each Australian school receives, from the Commonwealth and the State or Territory in which the school is located, recurrent funding equal to at least 95% of the total of the base amount for the school for the year and the school’s total loading for the year, for each year commencing on or after:

(i) if the school is located in Victoria—1 January 2022; or

(ii) if the school is located in another State or Territory—1 January 2019;

46A Subsections 3(2) and (8) (note)

Repeal the note.

(18) Schedule 1, item 48, page 18 (line 10), omit paragraph (c).

We also oppose schedule 1 in the following terms:

(15) Schedule 1, item 45, page 15 (line 3) to page 16 (line 7), to be opposed.

Can I say, in relation to this set of amendments about retaining the current preamble objects and reform objectives that are in the act, that Labor has always been up-front about our values in relation to school education. We believe in the transformative power of education and that high-quality school education should be available to all Australian children. Our schools should not entrench disadvantage; they should do the reverse. Every student in Australia should receive their fair funding level, the level they need for a high-quality education.
Let's be clear about the contrast between our values in education and those of those opposite. You can look at the government's proposed bill and try to understand those values, but it is not just what is in their bill that matters; sometimes what is not in their bill tells you a whole lot more. Labor's Australian Education Act, the current legislation, enshrines our values up-front. We set objectives and targets: that all students in all schools are entitled to an excellent education and that the quality of a student's education should not be limited by where they live, the income of their family or the school that they attend. The first object of our act was to ensure that the Australian schooling system provides a high-quality and highly equitable education for all students. You cannot find those objects if this bill succeeds, because they are not there.

What is in the bill also reflects what you believe you can achieve. The government's bill has cut a lot of our national targets. It no longer aims for Australia to be one of the top five highest performing countries in reading, maths and science by 2025; for our schooling system to be considered high-quality and highly equitable by international standards by 2025; or to halve the gap between the outcomes of Aboriginal and Torres Strait Islander students and other students by 2020.

After all the talk about the need to reverse Australia's declining education performance and, indeed, the talk in here about transparency, there is no point unless we have benchmarks or objectives to measure that by. Having the Schools Resourcing Board has a range of the advantages that we have discussed, but we should be establishing the standards we hope to achieve under that transition, whether it is six or 10 years. In six years time, we should be able to revisit this issue and say we have not met the objectives that we set or, indeed, that we have. We need to be able to review what has been achieved by these changes and understand what further changes need to occur.

After the talk about the need to reverse Australia's declining education performance, the government does not back itself to achieve the targets but, indeed, has progressed the cuts. That is because this bill removes the reform objectives contained in the act. It removes reform directions around the quality of teaching, the quality of learning, empowering school leadership, providing transparency and accountability, and meeting student need—many of the issues that were previously incorporated in the plans and the National Education Reform Agreement that this government let languish. Finally, Labor fundamentally believes that all schools across the country should move to their fair funding level, 95 per cent of the schooling resource standard, and today I move these amendments to include this object clearly in the legislation.

The government's radical alternative plan is to take this combined approach with states and territories—in fact, I think Senator Bernardi referred to competitive federalism before. This new approach is a 'one size fits all', Commonwealth-only share approach. I understand that the Senate chamber seems to be determined to allow that radical shift in approach, but let's at least hold the government accountable for it. Let's include in the act the object of what should be achieved. Let's hold them to account in the future about how this poorly-informed shift in approach has not worked.

The schooling resource standard is, as many of us understand, the amount of funding needed, based on evidence informed by the Gonski review, to give a child a high-quality education. Every student in Australia should be entitled to their fair funding level. Any
funding system that does not include this objective will just entrench inequality and disadvantage in our schools. By removing these things, this bill abandons the objective that all schools should reach their fair funding level of 95 per cent of the schooling resource standard.

Instead, the government's arbitrary decision to prescribe sector-specific targets of just 20 per cent for the SRS for public schools and 80 per cent of the SRS for non-government schools will mean that 85 per cent of public schools will be funded below their SRS target in 2027. Labor does not believe that we should have a school funding system that does not keep the objective of a quality education at its heart. We are calling on the Senate with this batch of amendments to retain the current preamble, objects and reform objectives in the act to enshrine the objective of schools reaching their fair funding share of 95 per cent of the schooling resource standard.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (19:52): I will just quickly respond to Senator Collins. The preamble that is proposed in the bill for the new act is a very clear preamble. It makes plain to all who choose to see it the importance and significance of education in the life of the individual, the importance of a high-quality education to the future of our nation and the role of the Commonwealth in regard to the provision of education—the centrality and importance of that—and, indeed, as a leader in education systems across the country.

The objectives, yes, are varied and simplified somewhat from what is in the current act. But it is the Commonwealth's intention that specific targets, as such, ought to be set via the types of agreements that we hope will be struck with the states and territories following the second Gonski review. The right place for time-limited targets is indeed in such agreements, rather than in enduring legislation.

The TEMPORARY CHAIR (Senator Whish-Wilson): The question is that amendments (16) and (18) on sheet 8155 be agreed to.

Question negatived.

Senator HANSON-YOUNG (South Australia) (19:54): I am just working out the different machinations, because they changed. I just want to clarify that the Australian Greens supported those amendments of the opposition.

The TEMPORARY CHAIR: Okay. The question now is that item 45 of schedule 1 stand as printed, which is amendment (15) on sheet 8155.

Question agreed to.

Senator JACINTA COLLINS (Victoria) (19:55): I will now move to the next batch of our amendments, which deal with the issues around the removal of sector-specific targets—the 80 per cent/20 per cent approach the government has shifted to. Indeed, there is a bit of repetition here as well, which I think is the issue we encountered earlier in relation to the objects of the bill. I seek leave to move amendments (1), (3), (5), (11), (17) and (19) together.

Leave granted.

Senator JACINTA COLLINS: I move:

That the House of Representatives be requested to make the following amendments:

(1) Schedule 1, item 1, page 3 (lines 4 to 10), omit the item.

(3) Schedule 1, page 3 (after line 13), after item 2, insert:
2A Section 6

Insert:

overall funding, for a school for a year, is the total of:
(a) the school’s total entitlement for the year; and
(b) any recurrent funding for the school for the year from a State or Territory, other than:
   (i) financial assistance provided to the State or Territory for the school under this Act; or
   (ii) capital funding.

(5) Schedule 1, item 16, page 6 (line 15) to page 8 (line 18), omit the item.
(11) Schedule 1, page 13 (after line 27), after item 42, insert:

42A After subsection 130(5)

Insert:

Regulations prescribing Commonwealth share

(6) Before the Governor-General makes a regulation for the purposes of the definition of Commonwealth share in section 6 in relation to:

(a) a school located in Victoria in relation to a year commencing on or after 1 January 2022; or
(b) a school located in another State or Territory in relation to a year commencing on or after 1 January 2019;

the Minister must be satisfied, having regard to the combined contributions of the Commonwealth and the State or Territory, that the regulation has the effect that the overall funding for the school for the year is at least 95% of the total of:
(c) the base amount for the school for the year; and
(d) the school’s total loading for the year.

(17) Schedule 1, item 47, page 17 (lines 19 to 21), omit "Not all schools will attract the final Commonwealth share immediately. Most schools (called transitioning schools) will move to that share over a period of 10 transition years."

(19) Schedule 1, item 71, page 22 (lines 5 and 6), omit "Most schools (called transitioning schools) will move to that share over a period of 10 transition years."

Statement pursuant to the order of the Senate of 26 June 2000

Amendments (3) and (11)

Amendments (3) and (11) are framed as requests because together these amendments would be likely to increase expenditure under the standing appropriation in section 126 of the Australian Education Act 2013 from 1 January 2019.

Amendment (3) inserts in section 6 of the Act a definition of “overall funding” for a school year as the total of both the school’s “total entitlement” under the Act and the recurrent funding from a State or Territory.

Amendment (11) would constrain an existing regulation-making power, to set the “Commonwealth share” of funding, to circumstances where the Minister is satisfied that the purpose of the regulation will be to ensure that “overall funding” for a school for the year is at least 95% of both the base funding amount and the school’s total loading for the year.

From 2019 onwards (or 2022 for Victorian schools), this requirement is likely to increase the amount of Commonwealth funding under the standing appropriation in order to attain this funding target. As a
result, the amendments are likely to increase expenditure under the standing appropriation in section 126 of the Australian Education Act 2013.

Amendments (1), (5), (17) and (19)

Amendments (1), (5), (17) and (19) are consequential on amendments (3) and (11). Amendments (1) and (5) omit provisions proposed by the Bill which would alter the method for calculating the “Commonwealth share” of funding to schools. Amendments (17) and (19) omit references to schools transitioning to the final Commonwealth share of funding over 10 years, as schools will likely transition to this share from 2019 (or 2022 for Victorian schools). Amendments (1), (5), (17) and (19) should therefore be moved as requests.

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Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000

Amendments (3) and (11)

If the effect of amendments (3) and (11) is to increase expenditure under the standing appropriation in section 126 of the Australian Education Act 2013 then it is in accordance with the precedents of the Senate that those amendments be moved as requests.

Amendments (1), (5), (17) and (19)

These amendments are consequential on the requests. It is the practice of the Senate that amendments purely consequential on amendments framed as requests may also be framed as requests.

The government’s bill entrenches a discriminatory distribution of funding by prescribing sector-specific targets of 80 per cent of the SRS for non-government schools and 20 per cent of the SRS for public schools, fundamentally opposite to the review of the funding of schooling objective of a sector-blind model. In fact, it is quite sector specific. There is no reason for the arbitrary decision to fund just 20 per cent of the schooling resource standard for public schools and 80 per cent for non-government schools. That is not what the Gonski review recommended.

The government’s funding model provides a majority of extra funding for the non-government sector despite the public sector educating the majority of educationally disadvantaged children. This was clearly detailed in the Prime Minister and Minister Birmingham’s media release on the day of the announcement. The government’s target of 80 per cent of private schools in 2027 and 20 per cent for public schools in 2027 has no requirement for states or territories to ever increase their funding. The crossbench, in Gonski 2.0-plus, has somewhat attempted to deal with that issue but we have already covered that territory.

The government’s funding model will result in 85 per cent of public schools being funded below their SRS target in 2027, some 15 years after the original review of funding for schooling. So given the discussion about the original six-year transition, the subsequent 10-year proposed transition in Gonski 2.0 and now a six-year transition, we do indeed need to be reminded that the war in school funding has led to a scenario where, some 15 years after the original review of the funding of schooling, we still will have only 85 per cent of public schools there. It is a serious reflection on how inadequately this political process has dealt with these issues.

Even after 10 years, the Northern Territory, which is having its funding cut in real terms, would reach just 85.8 per cent of its fair funding level. Victoria would be funded at just 85 per cent of its fair funding level. New South Wales and Queensland would reach just 90 per cent.
of their fair funding level. And South Australia would remain underfunded at 93.6 per cent of its fair funding level.

Teachers, parents and school communities do not care whether their funding comes from the Commonwealth or the state government. Most of them do not understand the complexity—indeed 'the wicked complexity' as one witness claims—of this system. But what they do care about is that their school has enough funding to provide a fine quality education for all children. By moving to a Commonwealth-only model that does not take into consideration state funding, children will never receive the same funding no matter which state they live in.

We are calling on the Senate to enshrine the 95 per cent of the schooling resource standard as the target, but, as I have said, that was covered in the previous amendment. In this case, we are seeking to revert back to the combined funding approach that was going to deliver, especially for children in public schools. On that note, I would ask a further question relating to the earlier question I asked about what share of additional funding went to public schools. My question is: of the extra $4.9 billion for the six-year transition, rather than the 10-year transition, how much of that additional funding, which has been achieved in the negotiations with the crossbench, goes to public schools, and what proportion of that additional funding will, under these arrangements, under this shift to a Commonwealth-only share, go to non-government schools?

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (20.01): I will deal with the amendments first while we seek to see whether we can answer the specifics of Senator Collins's question. There is obviously a fundamental difference in that the Labor Party's outlook in relation to school funding by the national government is that it is perfectly reasonable for a national government to decide to favour one state or territory over another state or territory in the way in which the funding applies to that state or territory.

The view the Turnbull government has taken is that, as the national government, we ought to treat each of the states and territories in an equitable manner according to their individual needs. We think that is a perfectly fair and reasonable approach. It is what happens in relation to areas such as funding for hospital operations and the like, where, under an efficient pricing methodology, the Commonwealth funds about 45 per cent of the cost of hospital services and the state and territory governments fund the remainder. In this case, it is reflective of the fact that Commonwealth involvement in the funding of state and territory government schools has been increasing over the years. Not that far back it was close to single digits. At the start of the coalition government around 13 per cent of the cost of government schools was contributed by the federal government. That has moved up to about 17 per cent, and the legislation we are passing tonight will take that to 20 per cent, within six years, consistently across the country. What we expect is that we will see consistency of treatment by the federal government across the different states and territories, ensuring, therefore, that Western Australians will no longer receive a raw deal.

The logic that was applied by the previous government was: if a state government has decided to invest more in its schools, we will give it less; if a state government has decided to invest less in its schools, we will give it more. That was a profoundly flawed logic in terms of the types of incentives that it created. These amendments are—amazingly, astoundingly—even more flawed than what the previous government had sought to do. Yes, these
amendments seek to put in place a 95 per cent overall funding requirement, but the consequence of these amendments is that, if a state or territory is not providing a share—pick a number—the Commonwealth will provide the remainder, the entire remainder. I am advised that this would mean that, from 2019 onwards—for all schools except those in Victoria, because the Labor Party continues to treat states differently, so Victoria comes in in 2022—if a state government withdrew its funding, the federal government would simply have to top it up to get to 95 per cent of the schooling resource standard. So it removes all responsibility from the states and territories. Previously the Labor Party had sought a situation where there was minimal responsibility on states and territories and reward for those who underfunded. Now they are proposing a situation where there is virtually zero responsibility.

Of course, that is not completely inconsistent with what applied under the old act. Indeed, there was nothing under the act as it stands, until this Senate and this parliament, hopefully, amends it, for the Commonwealth to take action should a state or territory government reduce their level of funding. In fact, circumstances that the previous government put in place were that, as a state or territory approached 100 per cent of the schooling resource standard, if that occurred somewhere, there was a built-in incentive for that state or territory government to keep funding below 100 per cent because, that way, their rate of federal funding would grow faster each and every year into the future than if they triggered that 100 per cent assessment.

They are some of the fundamental flaws of the old approach of the previous government and of the approach in these amendments that really do remove the legislative requirements and the legislative expectation that states and territories will pull their weight for what is, of course, their constitutional responsibility. In terms of the question that you asked, Senator Collins, I am advised that the answer to that is around 67.6 per cent.

**Senator JACINTA COLLINS** (Victoria) (20:06): In terms of the minister's comments in relation to fundamental flaws of this approach, unfortunately some of that is due to the fundamental flaws of his process. Some of those issues were addressed in our amendments relating to the schooling resourcing body, which, indeed, we are not pursuing now given that the Senate has already determined an alternative approach that we found inadequate for a range of reasons, as I have already said—not only its independence but also that it failed to specify a range of the roles that could occur under that body. As the Senate has already determined the other arrangements, we are not persisting with that group of amendments.

**Senator HANSON-YOUNG** (South Australia) (20:07): I just want to add briefly the Greens' comments in relation to these amendments as moved by the opposition. I understand the intent of what the opposition is trying to do. However, we feel very strongly that we have to find a better way to ensure that states do not crab walk away from their responsibilities. We do not want to see cost-shifting in education. One of the reasons why we supported and pushed for the amendment to lock states in in the previous amendment dealt with earlier tonight is we are worried, and we know it happens, that states and territories will try and save on their education budgets. Federal, state and territory governments do it all the time, and we have to put in place a mechanism for that to not happen.

We are worried that there is no incentive to make sure that states continue to fund our schools properly. I understand the desire to make sure our schools are all funded properly. The Greens will support the opposition in every step to do that. However, this amendment, I think, will undermine that by the fact that you cannot have a state government just pull their
funding because it suits them or because they want to fund a new road or something else come election time. They have to be committed to funding our schools to get good quality education in our public system.

The CHAIR: The question is that opposition requests for amendments (1), (3), (5), (11), (17) and (19) on sheet 8155 be agreed to.

The committee divided. [20:13]

(The Chair—Senator Lines)

Ayes .................19
Noes ..................42
Majority.............23

AYES
Brown, CL
Chisholm, A
Dastyari, S (teller)
Gallacher, AM
Ketter, CR
Lines, S
McAllister, J
O’Neill, DM
Pratt, LC
Wong, P

NOES
Back, CJ
Bushby, DC (teller)
Cormann, M
Duniam, J
Fierravanti-Wells, C
Georgiou, P
Griff, S
Hanson-Young, SC
Hume, J
Lambie, J
Ludlam, S
McGrath, J
McKim, NJ
Parry, S
Payne, MA
Rice, J
Ruston, A
Scullion, NG
Siewert, R
Waters, LJ
Williams, JR

Question negatived.

Senator JACINTA COLLINS (Victoria) (20:16): by leave—I move amendments (13) and (14) on sheet 8155 together:
We also oppose schedule 1 in the following terms:

(4) Schedule 1, item 3, page 3 (lines 14 and 15), to be opposed.
(8) Schedule 1, item 41, page 13 (lines 24 and 25), to be opposed.
(10) Schedule 1, item 42, page 13 (lines 26 and 27), to be opposed.

These amendments deal with retaining the minister's ability to set SES for a group of schools and maintaining the existing primary capacity-to-contribute curve. We have canvassed this issue several times already during the debate on this bill, so I will attempt to cover a range of key points fairly quickly to reinforce the discussion that has already occurred. Because the SES scores do not seem to accurately assess the ability of school communities to pay fees and changes to the primary capacity-to-contribute curve, many low-fee systemic schools and indeed catholic schools will be hard hit. The government's bill assumes that primary parents are able to contribute more to fees than is currently the case.

The Australian Bureau of Statistics evidence to the legislation committee inquiry into the bill showed that primary school parents on average earn less and have lower labour force participation rates than secondary school parents. The Catholic Education Commission estimates that around 600 Catholic schools will face a funding cut from 2017 to 2018 alone. This is the cliff that I have referred to. Other changes in this model allow a transition—it was 10 years; it is now six. There is no transition in this shift. The cuts around the ministers arbitrary changes to the capacity-to-contribute arrangements for non-government schools hit straight, hit right up and hit in 2018.

Catholic parish schools have warned that the cuts will force them to raise fees or possibly close existing schools in local communities. Minister Birmingham has presented dodgy figures to try to present this package as increasing funding. These are the so-called fantasy figures that rebased 2017, on the basis of a formula that will never apply to 2017, to try to convince parents that they would get an increase between 2017 and 2018—an outrageous process in public policy administration.

Stephen Elder, the education director of Catholic Education Melbourne, wrote:
When Catholic education first raised concerns with the Turnbull Government's Quality Schools funding package, Minister Birmingham said there was 'a lot of exaggeration' about the impact that it would have on schools …
But according to the education department's own calculations, Catholic schools will see a total loss of $4.6 billion. It is pretty clear—indeed, thanks to Senator Leyonhjelm—that Catholic Education was not exaggerating. I have asked this minister to correct the record from question time when he claimed that there would be an increase in sharer funding for Catholic Education. It is in fact quite the reverse—and starkly so.

Reverend Anthony Fisher, the Catholic Archbishop of Sydney, said in The Australian Financial Review on 8 May this year:
What's already apparent is that the government's new 'capacity to pay formula'—and indeed I wish Senator Back was here now, because he appears to have been convinced that this capacity-to-pay formula had not really been raised by Catholic Education, and I do
not know what higher level you might want than Archbishop Fisher raising this issue directly in *The Financial Review*—

will force fee rises of over $1000 for a very significant number—at least 78—of the Catholic primary schools in Sydney alone. For some areas of Sydney fees could more than double. Modelling in other states has found the same.

This relates to the point I made earlier in the discussion, that there is really only one education provider other than—well, in fact, this is a unique situation for Catholic Education, because you have state governments operating their systems, Catholic Education systems operating theirs and then somewhat disparate independent schools, most of whom do not operate as systems, delivering education in a way that they do not really operate the funding-estimating model. They do not really understand or do not really have the capacity to quickly gauge the impact. But Catholic Education do, and that is why they were cottoning on to the significance of these changes very early on.

There has been next to no consultation with the Catholic sector about these reforms, just an effort to bully and silence school principals, teachers, parents and educators who are standing up for fair funding—quite the reverse of the contribution the minister made at the very large convention in Perth just ahead of the last election, where he claimed that Catholic Education are not just an appendage to the education system. But now he seems to be trying to conduct surgery and turn them into something else. We value the contribution the Catholic education system makes to Australian education, and we want to preserve it, whereas these amendments, arbitrarily changing the capacity to contribute formula, could seriously damage this unique and valuable element of our education system.

The Department of Education and Training revealed in Senate estimates that the figures on their website from 2017 are based on the new model, as I said earlier, and will never apply to 2017. The figures overinflate the starting point for many Catholic schools. So it is no wonder, when parents started looking at that site and trying to understand how it related to the reality in their school, that Catholic Education very quickly pointed out the farce that was involved in setting up that school funding estimator. It appears that the online calculator includes funding figures for some schools that are wrong by more than $1 million. That is how stark this exercise has been.

The minister and the department have repeatedly been asked to share the actual 2017 figures that systems and schools will actually receive based on the current settings in the act. Senators involved in this debate have heard me ask for figures based on the current settings in the act, which the minister continues to refuse to provide. Despite claiming that they have shared some of this information, the data in the current financial estimator tool has never been shared. They are hiding the actual funding for Catholic schools and systems in 2017, as it will reveal the extent of the cuts—the cliff that happens next year.

The minister should urgently reveal the actual 2017 figures for Catholic schools across the country so that school communities, parents and teachers can accurately assess the impact of this policy. This type of behaviour will not be possible in the future if we get the school resourcing body operating properly, but this is indeed where we are now in respect of this issue.

These amendments will retain the primary capacity-to-contribute curve, as it currently exists in the act. They will deliver the full-monty, so to speak, in terms of preserving existing
arrangements, until such time as the review of the SES occurs. And they will keep the system weighted average as it is currently provided for in the act rather than the new arrangements that the government has proposed under more-general provisions, once again, until such time as an SES review is undertaken, and should then be supported.

Senator HANSON-YOUNG (South Australia) (20:26): The Australian Greens cannot support this amendment. We have said all the way through this process that if we are to put in place a genuine needs based funding model, a fair system, and one that looks after our most needy students and schools, we must ensure that we are looking after our public schools first and foremost.

We know that it is our public school sector that is primarily below the SRS level. We also know that the majority of Australian kids go to public schools. I have been just amazed at how much attention and coverage the Australian Labor Party has continued to give to the Catholic schools system throughout this debate, since this package was first put on the table some eight weeks ago. I do not dispute for one second that there are poorer Catholic schools across the country that deserve their fair share of funding. But, let's have a look at why those schools are not getting the support they deserve. We know from evidence given to the Senate inquiry and from a number of reports commissioned by the various Catholic schools commissions themselves that the Catholic schools systems have been funnelling money from poor schools to rich schools. They do that because they want to keep fees low across the board. So, poorer families are subsidising richer families and their kids at the more-wealthy Catholic schools. It is fundamentally unfair. There has been an extraordinary display over the past eight weeks in which the Labor Party, purely for politics, has continued to run a campaign to keep entrenched in this system an unfair advantage to Catholic schools across this country. Senator Collins spoke about the funding differences between public schools, Catholic schools and independent schools resulting from the changes to the model. We know that unless there is a change, unless we put in place a genuine needs based model, Catholic schools across this country will continue to get more money at the expense of public schools. That figure of $4.6 billion proves it. It proves what is wrong with the system that was put in place by Julia Gillard in the dying days of her government. It was a sop to the Catholic school system when it was done then. This group of amendments from the Labor Party tonight is a sop again.

The Catholic school system have been given a special deal by the government already. It has caused ructions in the government ranks. They have got themselves a special deal, yet today they have been walking the halls of parliament, camping outside Senator Lambie's office and begging for more. Give them an inch and they will take a mile.

If we fundamentally believe in needs based funding and in a fair system that looks after our kids who are most in need—our poorest public schools—it means that some of those independent or Catholic private schools are going to have to take a hit. That is the reality. Either you believe in needs based funding and in supporting public schools or you do not.

The Labor Party has been talking out of both sides of its mouth over this issue. How many press conferences have Tanya Plibersek and Bill Shorten held in Catholic schools in the last two months?

The CHAIR: Senator Hanson-Young, I remind you to refer to people in the other place by their correct titles.
Senator HANSON-YOUNG: How many press conferences have the Leader of the Opposition, Bill Shorten, and his deputy, Tanya Plibersek, held in Catholic schools in the last two months? A hell of a lot more than they have held in public schools. The protection racket has been in full swing, and these amendments strike right at the heart of what is wrong with this system. If you believe in needs based funding and you believe that public money should fund our public schools, it is time it was cleaned up.

Senator JACINTA COLLINS (Victoria) (20:32): Given the hour, I am going to moderate my response to the rather extraordinary contribution that we just heard there. It is not indisputable that the distribution arrangements that have been applied by Catholic education systems have been doing as Senator Hanson-Young suggests. The material that she put before the Senate committee can be challenged in a range of ways that I do not intend to go through in detail tonight. Of course, the first was the Kathryn Greiner 2015 draft, which we have already dealt with. The other report that Senator Hanson-Young provided to the committee and the other document that she tabled equally can be challenged in a range of ways that I do not intend to occupy this chamber's time with tonight. The report, once understood in context, does not at all do what Senator Hanson-Young suggested that it does.

The point here, and the point of what occurred in Gonski 1, is that you do not need to rob Peter to pay Paul here. Many involved in the school funding debate back at the stage of Gonski 1 reached a consensus because we accepted that we have a unique education system here in Australia that involves, if you compare it to other countries in the world, a reasonably large low-fee non-government education sector. I know some senators, and indeed some education advocates—it is a very small group nowadays, but there are still some—would argue that public funding should be only for public schools. Certainly that is a smaller and smaller group as the years go by. In my case, I was the beneficiary of funding that was ultimately provided to schools that fit the category of being low-fee non-government schools. I can understand Senator Hanson-Young's concerns about the high-fee independent school sector, and particularly those that this government has described as overfunded, according to their 80 per cent model. I can understand the concerns around those. But the school funding wars have raged here in Australia for so long until that settlement that we had during the Gonski 1 period. Eventually, a large number of public school advocates came to understand that basic principle: you did not need to rob Peter to pay Paul. That is what this $4.6 billion figure, once it finally surfaced with the assistance of the PBO and Senator Leyonhjelm, explained. The reason why the Labor Party has been highlighting the issues around Catholics schools is that that is where there is the big hit in this bill. That is where the impact is, cleverly hidden by minister Birmingham. That is where the big hit is.

We have said consistently to the government, 'You think the political climate is right now to act in relation to the—to use their expression—overfunded schools. We're up for that.' We are up for that. We tried it out, as the minister knows, under Mark Latham's leadership. We know what the coalition did at that time. The Labor Party learnt that political lesson pretty well.

So, Senator Hanson-Young, no, the Labor Party is not talking out of both sides of its mouth here. The government is, because it was this government who ran the campaign about the schools hit list under Mark Latham's leadership, and now they have a hit list of their own. But they are using that hit list as a shield. The shield that they are using that hit list for is—there
are not significant financial gains from their hit list here. The 24 schools that were the original
set of schools that were regarded as 'overfunded' did not yield significant budgetary gains.
The real budgetary gains here come from the changes that the government has made so far as
they impact on low-fee, systemic non-government schools.

Senator Hanson-Young, you know it is not just about Catholics. We have been over that
several times. This digression into sectarianism again from the Greens is quite concerning. I
know that in Victoria, for instance, the Australian Greens learnt that lesson in the past, when
the impact of the Victorian Greens' policy in relation to low-fee non-government schools was
highlighted. When that electoral impact was felt, they changed their policy in relation to non-
government schools. I do not really understand why the Australian Greens do not seem to
have understood that this track did not work for you. It did not work in Victoria, and you
changed your policy position in Victoria. I can explain to you why you changed your policy
position in Victoria. I can tell you the story from my own local parish and my fellow
parishioners who live in my street, who have Australian Greens signs on their front lawns.
They are the people who have been inclined to vote for the Greens because of your policies
relating to social justice issues, but I do not think they will stomach this sectarianism. I do not
think they will stomach that at all.

Senator Hanson-Young, I would have preferred not to go down this path—

The CHAIR: Senator Collins, I remind you to address your comments to the chair and not
directly to the Senator.

Senator JACINTA COLLINS: Certainly. I would have preferred that this debate not go
down this path, because I do not think it was very fruitful. In the committee stage
consideration, for example, fortunately at the end of the day both senators withdrew
allegations around protection rackets and the like, but it is back again in this debate. This
debate is almost concluded. I think it would best facilitate the debate if I do not go any further
into those issues. Hopefully, following Senator Birmingham, we just simply move on.

Senator BIRMINGHAM (South Australia—Minister for Education and Training)
(20:39): The coalition wants to make clear, as I did yesterday in response to some of the
questions from Senator Back, our respect for Catholic education in Australia. I want to put
that up front given the exchange and the discussion that we have just had. We recognise the
value that Catholic education systems around the country have in the provision of high-
quality education in a range of different environments, including environments of particular
social disadvantage.

There have been times in this debate when we have had questions about some of the places
in Australia—regional areas, Indigenous areas—where Catholic education is the only
education opportunity that students have. Of course, in those circumstances they receive full
fee funding under the government's funding model, as is appropriate, recognising that the
schools provide public service in that regard that is not available from government systems.

Indeed, as Senator Collins rightly reflects, there is a very long history in relation to
Catholic education in Australia and a proud history on this side of the chamber, adopted by
those on the other side, of support for Catholic education that is extended into support for
non-government education of a variety of faith based and, nowadays, also non-faith-based
persuasions outside the government school systems that empower parental choice right
around Australia. We want to make sure that parental choice continues to be available, which is why we have clearly maintained the support for non-government education of all persuasions under these reforms. But we have done it in a way that seeks to ensure consistency in the way they are applied across all of the different non-government education systems, sectors and authorities such that they are all treated in an equitable manner based on their need and the relative capacity and means of their school communities.

Senator Collins challenged the notion of whether there is a growing share for Catholic education. I am very pleased to point out that across each state the share of the schooling resource standard will grow for Catholic education systems as it does for many other non-government bodies and as it does, of course, for state and territory government bodies. In New South Wales that will grow from 78 per cent of the schooling resource standard to 80 per cent by 2023 as this bill has been amended. In Victoria it will grow from 79.8 per cent to 80 per cent, in Queensland from 79 per cent to 80 per cent, in South Australia from 77.7 per cent to 80 per cent, in Western Australia from 76.1 per cent to 80 per cent and in Tasmania from 73.7 per cent to 80 per cent. We have acknowledged particular circumstances in the ACT, but in the Northern Territory it will also grow from 64.5 per cent to 80 per cent. So there is growth in terms of the share of the schooling resource standard that Catholic education systems will receive, as will many other non-government-approved authorities, as of course do virtually all of the states and territories see growth to reach their 20 per cent target by 2023 under the amended bill.

There have also been suggestions made that somehow funding is reducing to Catholic education. I have told this chamber many times and stressed publicly as well that of course there is significant growth in funding for Catholic education systems just as there is, again, across government and independent education systems. In relation to Catholic education systems, that funding growth is from $6.3 billion in 2017—and I know senators have heard that figure before. Strangely, Senator Collins challenged what it is that Catholic systems receive in 2017. I will not go through that for each system, because we have done that before, but it is $6.3 billion in aggregate, growing to $9.7 billion by 2027—clear growth over that trajectory. And the amendments that have been put in place to bring forward the reaching of the 80 per cent schooling resource standard share will see faster growth in the earlier years for Catholic education systems as for others who are below that 80 per cent target.

I also note that in terms of ongoing support for Catholic education systems, they will continue to receive, on average, the highest level of per student funding across the country. That is reflective of some of those circumstances of need that Senator Collins spoke of and that I acknowledged at the outset. Across non-government systems and schools, Catholic education does service more communities of lower means, lower capacity and higher need. At the end of the transition period, as is the case today, Catholic education systems will receive, on average and on a per student basis, significantly more than other non-government education systems or schools receive. In fact, that comparison today is some $8,800 per student in Catholic systems and approximately $7,200 per student in the independent school systems. By 2027, with full implementation of these reforms, it will be some $12,500, approximately, per student in the Catholic systems and approximately $10,800 per student across the independent systems, with them all being treated—as I have said time and again—according to the same needs based funding arrangement.
I also stress respect for the autonomy of the systems. That is a discussion we had earlier in this debate and last night, putting in place measures within the act that clearly define the autonomy and freedom of the systems to operate their own needs based funding arrangements.

Finally, I do acknowledge, as was indicated before, the review of the SES arrangements that we have already committed to. These are to address some of the issues around capacity to contribute and otherwise that this amendments put in place. We have made some funding commitments specific to next year. It is very important to make sure that we give that certainty, but that we then also have a proper process that will now be in place to undertake such a review of SES into the future. I do not accept the propositions put by Senator Collins about the disadvantage to Catholic education; I have outlined very clearly why there is a strong advantage.

The CHAIR: The amendment is broken into two questions. The first question is that amendments (13) and (14) on sheet 8155 be agreed to.

The committee divided. [20:51]

(Chair—Senator Lines)

Ayes ......................19
Noes ......................42
Majority.................23

AYES

Brown, CL
Chisholm, A
Dastyari, S (teller)
Gallacher, AM
Ketter, CR
Lines, S
McCarthy, M
O’Neill, DM
Urqahart, AE
Wong, P

Cameron, DN
Collins, JMA
Farrell, D
Gallagher, KR
Kitching, K
McAllister, J
Moore, CM
Pratt, LC
Watt, M

NOES

Back, CJ
Birmingham, SJ
Canavan, MJ
Di Natale, R
Fawcett, DJ
Fifield, MP
Gichuhi, LM
Hanson, P
Hinch, D
Kakoschke-Moore, S
Ludlam, S
McGrath, J
McKim, NJ
Parry, S
Payne, MA

Bernardi, C
Bushby, DC (teller)
Cormann, M
Duniam, J
Fierravanti-Wells, C
Georgiou, P
Griff, S
Hanson-Young, SC
Hume, J
Leyonhjelm, DE
Macdonald, ID
McKenzie, B
O’Sullivan, B
Paterson, J
Rhiannon, L
Question negatived.

The CHAIR (20:55): The question is that items 3, 41 and 42—amendments (4), (8) and (10)—stand as printed.

The committee divided. [20:55]

(The Chair—Senator Lines)

Ayes ...................... 43
Noes ...................... 19
Majority............... 24

AYES

Back, CJ
Bernardi, C
Birmingham, SJ
Bushby, DC (teller)
Canavan, MJ
Cormann, M
Di Natale, R
Duniam, J
Fawcett, DJ
Ferravanti-Wells, C
Fifield, MP
Georgiou, P
Gichuhi, LM
Griff, S
Hanson, P
Hanson-Young, SC
Hinch, D
Hume, J
Kakoschke-Moore, S
Lambie, J
Leyonhjelm, DE
Ludlam, S
Macdonald, ID
McGrath, J
McKenzie, B
McKim, NJ
O'Sullivan, B
Parry, S
Paterson, J
Payne, MA
Rhiannon, L
Rice, J
Roberts, M
Ruston, A
Ryan, SM
Scullion, NG
Seselja, Z
Siewert, R
Smith, D
Waters, LJ
Whish-Wilson, PS
Williams, JR
Xenophon, N

NOES

Brown, CL
Cameron, DN
Chisholm, A
Collins, JMA
Dastyari, S (teller)
Farrell, D
Gallacher, AM
Gallagher, KR
Ketter, CR
Kitching, K
Lines, S
McAllister, J
McCarthy, M
Moore, CM
O'Neill, DM
Pratt, LC
Question agreed to.

Senator LEYONHJELM (New South Wales) (20:58): by leave—I move amendments (1) to (4) on sheet 8165:

(1) Schedule 1, item 5, page 3 (line 23), omit "or prescribed under, ".

[SRS indexation factor set by Act]

(2) Schedule 1, item 8, page 4 (lines 18 to 21), omit subsection 11A(1), substitute:

(1) The SRS indexation factor for a year is the number worked out under subsection (2) for the year.

[No minimum SRS indexation factor]

(3) Schedule 1, item 8, page 4 (line 22) to page 5 (line 7), omit subsection 11A(2), substitute:

(2) The number is worked out using the following formula:

\[
\text{SRS indexation factor} = \frac{\text{Consumer index number for the reference quarter}}{\text{Consumer index number for the base quarter}}
\]

where:

- base quarter means the June quarter in the previous year.
- consumer index number, for a quarter, means the All Groups Consumer Price Index number (being the weighted average of the 8 capital cities) published by the Australian Statistician for that quarter.
- reference quarter means the June quarter in the year.

(4) Schedule 1, item 8, page 5 (lines 19 to 22), omit subsections 11A(5) and (6).

I also oppose schedule 1 in the following terms:

(5) Schedule 1, item 38, page 12 (lines 4 to 6), to be opposed.

Items 1 and 4 remove the minister's power to prescribe the indexation factor for the schooling resource standard. The minister has flagged that he intends to set the indexation factor at 3.56 per cent in the coming years. This is unwarranted. The schooling resource standard is an amount of funding considered appropriate for a student, so it should be indexed so as to maintain that valuation and not accelerate it.

Item 2 removes a three per cent floor on the indexation factor for the schooling resource standard. A floor for the indexation factor is again unwarranted. The value of the standard should be maintained, not accelerated.

Item 3 ensures that the school resourcing standard is indexed in line with the CPI to maintain its real value. The standard should not rise to reflect wages growth. Growth in excess of CPI would only be warranted if teacher productivity improved. Such an improvement in productivity is not a condition of funding under the government's proposal.

Item 5 ensures that, when considering the indexation of capital grants, the minister need not consider a wages index. Instead, he will need to consider an index of building prices and the growth of student numbers. I commend the amendments to the Senate.
Senator BIRMINGHAM (South Australia—Minister for Education and Training) (21:01): The government will not be supporting these amendments. The government recognises that wages costs are an important inflator in relation to school education and are therefore reasonably reflected in the indexation arrangements.

Senator HANSON-YOUNG (South Australia) (21:01): The Australian Greens do not support Senator Leyonhjelm's amendments. We believe the combination of CPI and wage growth is appropriate.

Senator BERNARDI (South Australia) (21:01): The Australian Conservatives will be supporting this amendment. We think it is critically important for fiscal responsibility, and we are delighted that Senator Leyonhjelm and the Liberal Democrats have introduced it.

Senator JACINTA COLLINS (Victoria) (21:01): The Labor Party will not be supporting these amendments. We do not believe they are the appropriate indexation arrangements for schooling.

The CHAIR: The question is that Senator Leyonhjelm's amendments (1) to (4) on sheet 8165 be agreed to.

The committee divided. [21:06]

(The Chair—Senator Lines)

Ayes ......................2
Noes ......................48
Majority..............46

AYES
Bernardi, C
Leyonhjelm, DE (teller)

NOES
Birmingham, SJ
Brown, CL
Cameron, DN
Cormann, M
Duniam, J
Fawcett, DJ
Gallacher, AM
Georgiou, P
Griff, S
Hanson-Young, SC
Hume, J
Ketter, CR
Lines, S
McAllister, J (teller)
McGrath, J
McKim, NJ
Paterson, J
Pratt, LC
Rice, J
Ryan, SM
Seselja, Z
Singh, LM
Waters, LJ

CHAMBER
Question negatived.

**The CHAIR:** The question is that item 38 of schedule 1 stand as printed.

Question agreed to.

**Senator HANSON-YOUNG** (South Australia) (21:10): I would like to first withdraw amendment (4) on sheet 8176. We have dealt with that effectively through questions to the minister in relation to the establishment of the independent resources board.

**Senator HANSON-YOUNG:** by leave—I move amendments (11), (14), (15) and (16) on sheet 8176 together:

(11) Schedule 1, page 24 (after line 27), after item 82, insert:

82A Subsections 67(2) and 69A(1) (note 2)

Omit "'section 126'", substitute "'subsection 126(1)'".

(14) Schedule 1, page 26 (after line 21), after item 98, insert:

98A Subsections 112(3) to (5)

Omit "'section 126'", substitute "'subsection 126(1)'".

(15) Schedule 1, page 27 (after line 2), after item 101, insert:

101A Section 126

Before "'The Consolidated Revenue Fund'"., insert "'(1)'".

(16) Schedule 1, page 27 (after line 5), after item 102, insert:

102A At the end of section 126

Add:

(2) It is the Parliament’s intention to, by another Act, establish a fund of at least $300 million to meet the needs of students with disability.

These amendments all relate to the establishment of and putting money into the disability fund and will ensure that we have enough money to support our students and children with a disability in schools. We know that there has been much talk in this debate about the impact of these changes on the disability sector and children in our schools. We have obviously heard the revolting and very unhelpful comments from Senator Hanson in relation to children with a disability. What the Greens want to do is to request an extra $300 million to ensure that we have enough support in our schools across the country for our children with a disability.

To provide a little bit of background in relation to this, this was one of the elements remaining from our discussions with the government. Up until mid-yesterday, we were urging the government to increase the amount of money put aside for students with disabilities. We are concerned that, with the larger number of students now categorised, there is not enough money in that fund to go around. It is absolutely essential that we do not cut short support for our most vulnerable children as these reforms go through. So we are requesting, through this amendment, an extra $300 million to support children who are the most vulnerable.

**Senator BIRMINGHAM** (South Australia—Minister for Education and Training) (21:13): The government will not be supporting these amendments. As I emphasised in the
chamber before, the rate of funding growth for students with disability is quite significant. The changes that have already been agreed to during this debate have increased the support for students with disability from $20.6 billion to $21.2 billion over the next decade. As indicated, we are also supporting the review and the work in relation to the continuing improvement of the NCCD.

Senator JACINTA COLLINS (Victoria) (21:13): Labor will not be supporting these amendments. However, we do understand the Greens' intentions here, but the assessment of needs for students with disability in our school system should be addressed properly in a manner informed by the appropriate evidence. Unfortunately, that evidence has not been available to us because of the nature of the process in dealing with this bill, and the limited information that the minister has made available. In the longer term, with an independent—or not so independent—schooling resourcing body, hopefully that problem will be overcome. But simply picking the nominal figure of $300 million is not enough, especially given that the government is not supporting it, which means that even that nominal figure is not going to be provided.

From the Labor Party's point of view, we are concerned that additional funding has not been provided for this additional number—this 100 per cent increase in the number of students. We remain concerned to understand how these new arrangements are going to apply to the additional students and, indeed, to the existing funding arrangements for students with disability. We have serious concerns that this will be rolled out according to the nationally consistent data for students with disability, in a manner which will have quite serious impacts on students—both those that currently attract funding and those that do not. We appreciate that the Greens are attempting additional funding here. I suspect other crossbenchers have also attempted that endeavour. We understand that, unfortunately, that attempt has failed. We would have preferred to have seen the full data about these students with disability—what categories they will shift into across the model, and understand exactly what the additional resourcing requirements for those students would be.

We agree with the Greens about the additional funding. I was not in the chamber during question time, but I listened to Senator Brandis talk about the significant additional funding that is supposedly in these arrangements for students with disability. There is no significant additional funding. Anyone who has looked at this bill and understands the miniscule amount of additional funding that is involved in this area knows that these measures are insufficient and, unfortunately, our students with disability will suffer the consequences of that.

Senator Hanson-Young, I understand your endeavour to attract that additional funding and the attempt to try to capture a figure for what that appropriate amount should be. From my experience in this area in the past, it is no better than a guestimate, because of the amount of information we have available. Given that the government is not going to support it and no-one else has been able to secure it, I do not see, in terms of our point of view about what approach should be followed, that simply nominating a figure informs that—more than as an acknowledgement of our statements from the shadow minister, Tanya Plibersek, about the additional funding that is needed and your statement through this amendment as well. I do not see Labor supporting this amendment as necessarily achieving that.

Senator SIEWERT: Given that I was denied an opportunity to give a second reading speech because of the shenanigans in here yesterday, I have not had an opportunity to
comment specifically on children with disability and how this will affect children with disability in school. I was extremely disappointed and concerned to hear the comments from Senator Hanson yesterday in her contribution on how we address the inclusion of children with disabilities in school. So many people have been fighting for so long in this country to ensure that children with disability are included in our classrooms, to build an inclusive culture in schools. We know we are not there yet, and comments like that set us back even further. We know we are not there yet, because I was a very active participant in the Senate inquiry into the access of students with disabilities to school. We found some very distressing facts there, and some very distressing evidence.

As Senator O'Neill will remember, many parents articulated their daily battles with schools to try and get their children access to schools and build that inclusive culture. You would get some parents who were saying, 'They'll let my children go for a couple of days, but then there's not enough funding to enable them to go for the rest of the days, or there's not enough funding for them to go on the excursions, so they get told to stay at home.' We know this is still happening.

We also heard a lot of evidence about the lack of evidence for the nationally consistent collection of data. This was 18 months ago—around that time. Parents and teachers were already expressing their deep concern about the NCCD. They were saying, 'When it comes out, don't believe it!' I subsequently had teachers talk to me about the fact that they did not know where their school's data was coming from. Those were teachers who had students with disabilities in their classrooms, and they said, 'We're not contributing to that data. We did the first year, but not since.' I have had that said to me several times.

So this data is not reliable. We know from the evidence that the committee collected that there are still serious issues around children's access to classrooms so that they get the best education possible. That is why we need this additional funding. I am not at all confident that there is enough funding available to meet the needs of students with disabilities, so I am pleased that there will now be a commitment to a review of this process. We have had a lot of feedback about the issues around the data—around NCCD and the lack of funding.

In short, many people who are active in this place will be aware of the work of Children and Young People with Disability Australia. CYDA said:

Students with disability frequently experience discrimination, including denial of enrolment, imposed part time attendance and exclusion. Further, schools often lack the required expertise in developing educational programs for students with disability. Limited monitoring and accountability for the learning outcomes of students with disability is also a significant issue. Finally, experiences of bullying and abuse, including restraint and seclusion, are now shamefully common for students with disability in education settings.

I have to stop there and to say that this is an area where I have done a lot of work in terms of the issues of violence, abuse and the use of restraints. We also got a lot of evidence about the use of restraints.

That also goes, obviously, to issues where we need to improve our education system. Their submission goes on:

It is the experience of CYDA that it is rare for students with disability to be provided with a truly inclusive education experience.
That is the evidence that we actually heard through that inquiry, and I have subsequently heard it through other inquiries as well. This group works day in, day out with students with disability and their parents. I believed them. I know that they are looking out for the best for students with disability, and when they are concerned for funding we need to take that seriously.

Even if we do not have it tied down—we do not have it tied down because we do not have all the data anyway—it is not a good enough excuse to say, 'Oh well, you can't give us every dollar and cent to tell us how much we really need, so we won't give them any extra.' That is a flawed argument when you are talking about the need to improve our inclusiveness and make sure that we do provide the best education possible for children with disability.

I urge the Senate to support this amendment. It will provide the start of the additional funding that is needed to ensure that we have a truly inclusive education system.

The CHAIR: The question is that amendments (11), (14), (15) and (16) on sheet 8176 be agreed to.

The committee divided. [21:28]

(The Chair—Senator Lines)

Ayes ...................... 9
Noes ...................... 39
Majority ............... 30

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

Hanson-Young, SC
McKim, NJ
Rice, J
Waters, LJ

NOES
Back, CJ
Brandis, GH
Collins, JMA
Duniam, J
Fawcett, DJ
Fifield, MP
Georgiou, P
Griff, S
Hinch, D
Kakoschke-Moore, S
Lambie, J
Lines, S
McCarthy, M
McKenzie, B
O’Neill, DM
Paterson, J
Ryan, SM
Seselja, Z
Williams, JR
Xenophon, N

Birmingham, SJ
Bushby, DC
Cormann, M
Farrell, D
Fierravanti-Wells, C
Gallagher, KR
Gichuhi, LM
Hanson, P
Hume, J
Ketter, CR
Leyonhjelm, DE
McAllister, J (teller)
McGrath, J
Nash, F
Parry, S
Roberts, M
Scullion, NG
Smith, D
Wong, P
Question negatived.

Senator HANSON-YOUNG (South Australia) (21:31): by leave—I move Australian Greens amendments (6), (7), (8), (9), (12) and (17) on sheet 8176 together:

(6) Schedule 1, page 19 (after line 14), after item 56, insert:

56A Section 20

Omit “requiring States and Territories to implement national policy initiatives for school education, as well as”.

(7) Schedule 1, item 59, page 19 (lines 22 and 23), omit the heading to section 22, substitute:

22 Conditions of financial assistance—agreements relating to school education

(8) Schedule 1, item 59, page 19 (line 24) to page 20 (line 3), omit subsection 22 (1).

(9) Schedule 1, item 59, page 20 (line 5), omit “also”.

(12) Schedule 1, item 85, page 25 (lines 10 to 15), omit paragraph 77 (2A)(a), substitute:

(a) the approved authority cooperates with the States and Territories in which the schools are located in implementing the agreements mentioned in paragraphs 22(2)(a) and (b); and

(17) Schedule 1, item 175, page 37 (lines 8 to 10), omit subparagraph 130 (5)(a)(i).

These amendments relate to a number of elements that remain in the bill that would require the states to fulfil certain obligations in order to get the funding that has been put aside by the federal government. We are concerned that, in the absence of knowing what these conditions on teachers or states may be, simply leaving that to the discretion of the minister through regulation is not enough certainty for our states, our schools, our principals or our teachers, and we would prefer to see those elements removed. After the Gonski review of these funding arrangements, whenever that reports—at the end of this year or early next year—we can look at what recommendations there may be and what impacts they may have on state and territory school systems. It seems a bit premature to be putting powers in this bill to put restrictions on state and territory school systems without knowing the content of those restrictions. So we would like to have those removed to ensure that we have a full, transparent process going forward for how we engage with the conditions on states, if and when recommendations come from David Gonski and his forthcoming report.

Senator JACINTA COLLINS (Victoria) (21:33): Labor will support these amendments. We introduced reforms, as well as additional expenditure, in our landmark response to the original Gonski review. There is no excuse for the minister or the previous ministers to have removed the requirements for states and territories to commit to reforms. They are not red tape, as the former minister, Christopher Pyne, described them at the time; they are fundamental. That is why Labor has opposed the removal of the preamble and the objects in the current act. We cautiously welcome these amendments. We believe that, if the parliament is serious about reform, it will ensure that the act retains its preamble and objects.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (21:34): The government will not be supporting these amendments. The government makes no apologies for wanting to put in place mechanisms to ensure that record, growing funding is used for the benefit of students and that the states are held accountable for that.
The TEMPORARY CHAIR (Senator Williams): The question is that amendments (6) to (9), (12) and (17) on sheet 8176, moved by Senator Hanson-Young, be agreed to.

Question negatived.

Senator HANSON-YOUNG (South Australia) (21:35): I refer to amendment (13) on sheet 8176. I seek leave to withdraw that, but I would just like to seek clarification from the minister in doing so.

Leave granted.

Senator HANSON-YOUNG: I would just like to ask the minister: can you please put clearly on the record for us tonight the mechanism that will be used to ensure that the resources board will be able to request documents as they need to ensure that they know where the money is being spent in a state, territory or school system.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (21:35): I am pleased to confirm for Senator Hanson-Young that the Department of Education and Training already has the power to request documents and to expect those documents to be provided, as well as appropriate checks and balances being in place. The secretariat for the National Schools Resourcing Board will be provided by the department, and therefore the powers do not need to be given explicitly to the board, as they will be able to be exercised by the department on behalf of the board.

Senator HANSON-YOUNG (South Australia) (21:36): by leave—I move

That the House of Representatives be requested to make the following amendments:

(1) Schedule 1 , item 6 , page 4 (line 4) , omit ”’2027”’ , substitute ”’2023”’.

(3) Schedule 1 , item 16 , page 8 (lines 9 to 12) , omit subsection 35B (7) , substitute:

(7) Unless the regulations otherwise provide, the transition rate for a transition year is the rate set out in the following table for the year.

<table>
<thead>
<tr>
<th>Item</th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For this transition year…</td>
<td>the transition rate is…</td>
</tr>
<tr>
<td>1</td>
<td>2018</td>
<td>16.67%</td>
</tr>
<tr>
<td>2</td>
<td>2019</td>
<td>33.33%</td>
</tr>
<tr>
<td>3</td>
<td>2020</td>
<td>50%</td>
</tr>
<tr>
<td>4</td>
<td>2021</td>
<td>66.67%</td>
</tr>
<tr>
<td>5</td>
<td>2022</td>
<td>83.33%</td>
</tr>
<tr>
<td>6</td>
<td>2023</td>
<td>100%</td>
</tr>
</tbody>
</table>

(5) Schedule 1 , item 47 , page 17 (line 21) , omit ”’10 transition years”’ , substitute ”’6 transition years”’.

(10) Schedule 1 , item 71 , page 22 (line 6) , omit ”’10 transition years”’ , substitute ”’6 transition years”’.

This tranche of amendments is directly in relation to the overfunded schools currently in the system. We know that the previous arrangements put in place by the Gillard government following the first Gonski review locked in growth rates for schools regardless of whether
they were above the resource standard. We know that the result of that has been that there are at least 24 well-overfunded schools that do not deserve continued support in terms of growth rates from the public purse. But we also know that there are a number of schools that will get to a much higher level very soon. The government's original proposal before us allows those schools to be drawn down over a 10-year period. If we are serious about putting equity into the system and ensuring that we redirect our quantum of money to those that need it most—if we care about needs based funding—we will ensure that overfunded schools have their funding brought to the appropriate level, down at the same rate as underfunded schools go up. It is only fair that, as you put more money into schools going up towards the resource standard, those that are well above come down at the same rate. It is about using the public money in the most appropriate and efficient way. If we care about our poorest schools, this is what we will do.

We have heard over and over again that there is not enough money on the table to fund schools at the levels that we want. Well, here is a way of saving some money. Here is a way of making sure that the money that is needed will go to the schools that need it first and foremost. I implore the government and the crossbenchers to consider this. It is an important demonstration that we are absolutely fair dinkum about needs based funding.

Senator LEYONHJELM (New South Wales) (21:39): Just to be clear, Chair, Senator Hanson-Young moved that the House be requested to make amendments (1), (3), (5) and (10)?

The TEMPORARY CHAIR (Senator Williams): No, Senator Leyonhjelm: (1) to (3).

Senator Hanson-Young: No.

The TEMPORARY CHAIR: To as in ‘t-o’?

Senator LEYONHJELM: No, (1), (3), (5) and (10)—four items. That is why I am standing.

The TEMPORARY CHAIR: I will just seek some advice from the Clerk. That is right—okay, then. She has moved that the House be requested to make amendments (1), (3), (5) and (10).

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (21:40): The government will not be supporting these amendments. These amendments would create extra detriment to a number of schools and systems around Australia. We believe the 10-year transition for those schools is a fair transition pathway.

Senator HANSON-YOUNG (South Australia) (21:40): In doing this, we are ensuring that we redirect the money in the most efficient and fastest way. We have heard a lot from all sides of politics about not having enough money to fund our underfunded schools. Well, this is how you would get it. Get serious about needs based funding, get serious about putting equity into our school funding system and ensure that we stop overfunding wealthy schools that simply do not need to continue to rely on this type of growth rate from the public purse.

Question negatived.

Senator HANSON-YOUNG (South Australia) (21:41): I move Greens amendment (2) on sheet 8176:

(2) Schedule 1 , item 16 , page 6 (line 20) , omit “20%” , substitute “24%” .
This amendment goes right to the heart of what we have been debating here tonight and over the last couple of months in this place. This is about ensuring that we look after our public schools. Currently under this legislation the government is proposing to fund 20 per cent from the federal government, 20 per cent of the share of getting schools up to their resource standard. We know that, in order to look after the neediest schools, the best thing we can do is increase the share of federal government funding to our public schools. We are worried that, in some states, they are simply not going to have the cash to get those schools up to standard in a reasonable amount of time. This amendment would ensure that the federal government does its best to look after all of those schools across the country, our public schools. That must be our priority. If we were to lift the Commonwealth share from 20 per cent it would cost the budget that magical number that we have heard a lot about over the last eight weeks—$22 billion. It is the figure that the Labor Party has banged on about for the last two months. This is the opportunity for the Labor Party to put its money where its mouth is. Prove that you care about public schools. Prove that you give a damn about putting your money where your mouth is. Do not wait until the next election. Do not tell the voters to hold their breath and wait. Fund it now, do it now, put it in legislation and let’s make sure we look after our public schools and bank that $22 billion tonight.

Senator JACINTA COLLINS (Victoria) (21:43): I thank Senator Hanson-Young for the opportunity to make the point that the Labor Party’s position on this has not been, as the government has often characterised it, just about the money. The $22 billion is a figure designed to fully implement the Gonski 1.0 process. The failure of this government to stay true to the Gonski principles is the issue here. So with this shift that other senators appear to have been prepared to accept away from the Gonski recommendations, away from a combined Commonwealth-state funding model, to a sole Commonwealth funding model—the minister’s words here are ‘a consistent Commonwealth funding model’—is the problem. That is the issue. Simply creating a new arbitrary percentage for state public schools, which is proposed in this amendment, is not going to remedy that problem.

So, thank you, Senator Hanson-Young, for the opportunity to highlight that our reform agenda in relation to school funding was never just about the dollars. These provisions involve a fundamental shift away from the Gonski review principles. The work that needs to have occurred with the states and territories has clearly not happened. The partnership that was envisaged with the states and territories clearly has not happened. I would just be repeating myself to highlight our scepticism that great success will occur there given the path that this government has taken. But we will not be supporting the amendments for the reasons I have already outlined.

Senator BIRMINGHAM (South Australia—Minister for Education and Training) (21:45): In opposing this amendment from the Greens, let me agree with Senator Collins insofar as agreeing that it is not all about the money. These reforms, though, absolutely are about ensuring we have consistency, fairness and equity in the delivery of needs based funding. That is what the Senate is happily on the verge of passing. We welcome that. But we do not support the Greens trying to put tens of billions of dollars extra on top of what is already a very significant additional investment.

The CHAIR: The question is that request No. 2, as moved by Senator Hanson-Young, on sheet 8176 be agreed to.
The committee divided. [21:50]
(The Chair—Senator Lines)

Ayes .................9
Noes .................41
Majority .............32

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

Hanson-Young, SC
McKim, NJ
Rice, J
Waters, LJ

NOES
Back, CJ
Brandis, GH
Canavan, MJ
Cormann, M
Farrell, D
Fierravanti-Wells, C
Gallacher, AM
Georgiou, P
Griff, S
Hinch, D
Kakoschke-Moore, S
Lambie, J
Lines, S
McCarthy, M
McKenzie, B
O'Neill, DM
Paterson, J
Ryan, SM
Seselja, Z
Watt, M
Xenophon, N

Birmingham, SJ
Bushby, DC
Collins, JMA
Duniam, J
Fawcett, DJ
Fifield, MP
Gallagher, KR
Gichuhi, LM
Hanson, P
Hume, J
Ketter, CR
Leyonhjelm, DE
McAllister, J (teller)
McGrath, J
Nash, F
Parry, S
Roberts, M
Scullion, NG
Smith, D
Williams, JR

Question negatived.

The CHAIR: The question is that the bill as amended be agreed to subject to requests for amendments.

The committee divided. [21:58]
(The Chair—Senator Lines)

Ayes .................34
Noes .................31
Majority .............3

AYES
Back, CJ
Brandis, GH
Canavan, MJ

Birmingham, SJ
Bushby, DC
Cormann, M
AYES

Duniam, J
Fierravanti-Wells, C
Georgiou, P
Griff, S
Hinch, D
Kakoschke-Moore, S
Macdonald, ID
McKenzie, B
O'Sullivan, B
Paterson, J
Roberts, M
Ryan, SM
Seselja, Z
Smith, D

Fawcett, DJ (teller)
Fifield, MP
Gichuhi, LM
Hanson, P
Hume, J
Lambie, J
McGrath, J
Nash, F
Parry, S
Payne, MA
Ruston, A
Scullion, NG
Sinodinos, A
Williams, JR

NOES

Brown, CL
Chisholm, A
Di Natale, R
Gallacher, AM
Hanson-Young, SC
Kitching, K
Lines, S
Marshall, GM
McCarthy, M
Moore, CM
Polley, H
Rice, J
Singh, LM
Urquhart, AE
Watt, M
Wong, P

Cameron, DN
Collins, JMA
Farrell, D
Gallagher, KR
Ketter, CR
Leyonhjelm, DE
Ludlam, S
McAllister, J (teller)
McKim, NJ
O'Neill, DM
Rhiannon, L
Siewert, R
Sterle, G
Waters, LJ
Whish-Wilson, PS

Question agreed to.
Bill, as amended, agreed to.
Bill reported with amendments and requests; report adopted.

The PRESIDENT (22:02): I advise the Senate that there will be no third reading until the message goes to the House and we receive the House's response.

Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017
Commercial Broadcasting (Tax) Bill 2017

Second Reading

Consideration resumed of the motion:
That these bills be now read a second time.

Senator O'NEILL (New South Wales) (22:02): I rise to speak to the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 and the Commercial Broadcasting
(Tax) Bill 2017, which are the Turnbull government's second attempt at media reform in the now almost four years that the coalition government has been in office. But firstly, Mr Acting Deputy President Back, this may be your last turn in that seat!

**The ACTING DEPUTY PRESIDENT (Senator Back):** It will.

**Senator O'NEILL:** I feel very lucky to be here on this very auspicious occasion and, once again—and I am sure on behalf of everybody—I wish you great joy and comfort in your own retirement. I am sure you will be spending a lot more time with family. It might be a bit friendlier than around here!

**The ACTING DEPUTY PRESIDENT:** Thank you.

**Senator O'NEILL:** I will make it clear, up-front, that Labor supports these bills as long as schedule 2 of the broadcasting reform bill to repeal the two-out-of-three cross-media rule is omitted. Labor acknowledges the commercial pressures that the broadcasting sector is under. For these reasons, Labor supports all of the measures in the bill, except for the repeal of the two-out-of-three rule, which is ill conceived, not justified on the evidence and risks undermining Australia's democracy.

Labor supports most of the measures that the government announced to support the broadcasting industry last month because it was Labor that proposed them in the first place. Labor led the way on broadcast licensing fee relief, gambling advertising restrictions and on funding to support the broadcasting of women's sport. While Labor stands up for those issues on their merits, we understand that the government's reasons for drawing those elements into its overall set of measures on broadcasting announced on 6 May 2017 was as part of a deal-making process designed to cobble together support for its flawed media ownership changes.

Labor understands that these bills barely begin to address the genuine media reform agenda and do little to secure the public interest considerations in the contemporary media environment. In the context of debate on these bills, the government continually makes reference to the fact that the laws governing broadcasting in Australia are antiquated, yet these bills do little to adapt our public interest safeguards to 21st century conditions. Labor is deeply disappointed at the lack of coherent vision from the Turnbull government for the Australian media industry or the policy and regulatory framework that governs it. However, we recognise that the pragmatic course of action at this time is to support the majority of the measures in these bills. Even though Labor regards this government's second attempt at media reform as inadequate and piecemeal, we will take what little sensible progress we can get out of this lazy, inept government.

Labor's position on the proposed changes to media ownership safeguards has been crystal clear for some time now. Labor is committed to supporting the Australian media industry, as well as the jobs and content it produces, as the sector continues to adapt to the new media environment. At the same time, Labor is committed to safeguarding the public interest and our democracy and does not regard the internet as a reason or justification for the junking of fundamental public interest safeguards. The government does not have the balance between these interests right with these bills.

Labor acknowledges that Australia needs a thriving media industry to promote a diversity of voices, jobs, and quality news, information and entertainment. It is imperative that the sector remain viable and competitive in the modern media environment. This is why Labor
supports the measures industry needs most: licence fee relief, repeal of the 75 per cent reach rule, and relaxation of the antisiphoning scheme and list.

Labor also acknowledges the facts around media ownership diversity in this country and, unlike the coalition government, understands the proper role of government in promoting diversity through competition. This is why Labor opposes the repeal of the two-out-of-three rule. To state a few facts, Australia's level of media ownership concentration is already one of the highest in the world. The traditional media—newspapers, commercial television and commercial radio—continue to be the main source of news and current affairs for Australians, particularly in regional areas. The majority of the top 10 news websites accessed by Australians are either directly or jointly owned by traditional media platforms. It is just the same voices on different platforms. The digital divide means that access to new media still remains out of reach for many Australians, given substandard levels of broadband connectivity, and this is particularly the case in regional and rural areas.

While Labor acknowledges the increasing influence of new media in Australia, we do not mistake the entry of new voices online or the abundance of online content for diversity of ownership of Australian media. It is a mistake to confuse the proliferation of content with diversity of ownership or opinion. To quote a speech Paul Keating delivered in the year 2000:

Public policy should be directed towards promoting diversity and preventing any further concentration of media power.

The result might be some arguable economic inefficiencies around the edges, but the Australian polity will be healthier. The principal objective has to be diversity. And the only way to get it is competition. That alone.

... ... ...

The cross-media rules have never been an end in themselves, however. They were intended not to preserve a static media environment but to promote diversification; to facilitate dynamic change.

The government's first attempt at media reform was its flawed Broadcasting Legislation Amendment (Media Reform) Bill 2016, which stalled in the Senate last November because this government does not know the difference between regulatory housekeeping and genuine, holistic reform.

When the Turnbull government announced the media reform bill over a year ago, in March 2016, they boasted then that it was:

... the most significant reforms to our media laws in a generation ...

This was a gross overstatement for a few reasons.

Firstly, the bill contained only three key measures, two of which were in the nature of regulatory tinkering and one which was completely ill conceived. Secondly, the repeal of the 75 per cent reach rule was just a pedestrian bit of regulatory housekeeping that could have been dealt with in any omnibus deregulation bill, given that the usefulness of the rule had expired and that it was largely redundant.

Labor has indicated its support for the appeal of the 75 per cent reach rule for some time. Repeatedly, Labor has indicated its support for the removal of the 75 per cent reach rule, and Labor wishes to express its disappointment that this government has continued to dither and delay this important measure that Labor wanted to repeal last year.
Thirdly, the amendments to local program requirements obligations for regional commercial television broadcasting licencees following a trigger event were just an extension of an existing scheme. Labor indicated its support for these measures last year. So far, we have not heard anything startlingly new here.

Finally, the proposed repeal of the two-out-of-three cross-media rule was completely ill conceived, given the very clear evidence that the rule should be retained and given that simply removing safeguards does nothing to adapt our media regulation or our public interest safeguards to be fit for the 21st century. Now, and on their second attempt, the broadcasting reform bill rehashes the provisions of the flawed media reform bill and throws in a few additional bits and pieces designed to scrape together support for the repeal of the two-out-of-three rule.

The government argues that parliament should support these bills because they have the support of the Australian media industry. These bills are overwhelmingly pro industry. It is not surprising, therefore, that the measures have the support of industry! Indeed, at a specially convened media summit at Parliament House last month, chief executives from Australia's major commercial and subscription TV, newspaper and radio companies travelled to Parliament House to demonstrate support for the measures that the government has announced.

In addition to a number of deregulatory measures around ownership, control rules and antisiphoning, the bills save commercial broadcast licencees around $90 million per annum from the abolition of licence fees and the introduction of a new spectrum tax. The fact that the government's measures are unanimously supported by industry is notable, but it is not a reason for the parliament to support the bills without question.

Media businesses answer to shareholders, but they do not answer to the Australian public. It is the role of parliament to stand up for public interest. This government argues that the parliament should support these bills because we have to kill diversity in Australia in order to save diversity. It simply does not make sense! What getting rid of the two-out-of-three rule means is that there will be a greater consolidation of Australian media companies. With that, it is almost inevitable that media companies will consolidate and will cut costs by merging. There will be fewer journalists, fewer views, less information and more power for media proprietors.

Abandoning the cross-media rules carries the dangers of intensifying vertical integration and concentration, without doing anything for horizontal diversification. And then what? The government's pro industry package is just a bandaid for industry. It offers almost nothing for consumers and citizens, and at the same time undermines diversity. It does not address the real policy problems with the current framework, or offer up options for a new framework. Ultimately, both industry and citizen consumers will suffer for this government's ineptitude.

The government argue that regulatory form is out of date and in need of reform. Repeatedly, Labor called on the government to undertake holistic, evidence based reform, but they seem particularly opposed to undertaking evidence based reform. The government's response instead was that, six months after the report of the Senate inquiry into the media reform was published last November, the Minister for Communications announced a series of reactive, short-sighted and surface-level deals to cobble together a package of political trade-offs that do very little to secure public interest outcomes in the contemporary media.
environment. In their four years in office, the government could have had a holistic review of the evidence—perhaps even four times over. Instead, the government's latest media reform package is surface level, shallow and piecemeal when considered in the context of the true degree of media reform that is actually needed.

I said at the outset that Labor supports most of the government's overall set of measures, which were announced on 6 May, because Labor was the party that actually proposed a number of them in the first place. One of the measures the minister announced was on additional gambling advertising. Labor led the way in addressing community concerns around gambling advertising as far back as 2013, by demanding that Australia's broadcasters amend their codes to ensure a reduction in the promotion and advertising of gambling during live sport. Concerned that the rules were not working optimally, in March this year Labor moved a motion in the parliament calling on the government to work with the broadcasting industry, and national sporting organisations, on a transition plan to address the issue of gambling ads before and during live sport broadcasts. This hypocritical government voted against the motion, only to announce gambling advertising restrictions in live sporting events just a few weeks later. Clearly there is a lot of confusion on the other side of the chamber.

Ultimately, Labor's leadership on this issue has compelled the government to act, and we welcome the measures as a step in the right direction. That said, Labor does not feel they go far enough to address community concerns. Labor anticipates that our communities will continue to complain about the intrusion of gambling advertising in live sports given the amount of gambling advertising the government's flawed proposal continues to allow, and given the fact that gambling advertisers may simply shift their advertising to avoid the five-minute shoulder. It remains to be seen whether viewers will be bombarded with gambling advertisements at the 8.30 pm mark or whether the timing of live sports fixtures will be altered to minimise the impact of the new restrictions. Labor shares the concerns of people across Australia who are worried about the impact of gambling advertising on our community. Adults and children should be able to enjoy watching live sport without the intrusion of betting odds and gambling ads. It is in everyone's interest to ensure that children do not consider betting and gambling a normal part of enjoying sport.

On the matter of sport, the government's announcement of $30 million in funding to support the broadcasting of women's and niche sports is yet another area where the government is picking up on Labor proposals. Labor announced funding to support broadcasting of women's sport on the ABC, a national free-to-air service, as part of its 2016 election platform. The government's main point of difference is that it will provide the funding to subscription television rather than to the ABC. It remains to be seen what the legacy of the government's approach will be given that subscription television is available to around 30 per cent of Australian households, a rate far different from that of the ABC.

Labor is committed to ensuring Australians enjoy coverage of premium sporting events on free-to-air television. Labor regards the proposed changes to the antisiphoning scheme itself as being in the nature of regulatory housekeeping, something the government seems determined to dress up as reform. The changes to the list of events in the antisiphoning notice proposed in this bill are changes that are permitted under the current scheme. I note that these are justified on practical grounds, where the history of rights acquisitioned by broadcasters and audience viewing patterns no longer warrant their inclusion, for example. As with so
many issues in the communications portfolio, Labor is disappointed that the government has not conducted a holistic, evidence based public consultation process on the scheme and the impact of over-the-top providers in the lead-up to the proposing of this bill.

That brings me to content reform. Labor believes that it is imperative that Australians reap a return on the use by broadcasters of the radio frequency spectrum, a very valuable public asset. It is disappointing that the government has moved to erase pressure at one end of the value chain, with commercial broadcasters, and has neglected other links. The government's piecemeal, ad hoc approach to reform sees them granting licence fee relief to broadcasters but no relief for the production sector, which is also feeling increased competitive pressure in the contemporary media landscape. The broadcasting sector is not the only industry that has been disrupted by digitisation, and yet the government, which is coming up to its fourth year in office now, only recently announced a content review to assess issues in the Australian production sector.

Despite the fact that since 2014 the Department of Communications and the Arts has identified content issues as in need of reform, as part of its deregulatory road map this government has only recently just commenced work on a content review. Meanwhile, ABS data released last week shows that the government's commitment to Australian content in the context of media reform or broadcaster reform is all talk and no action. The production sector is suffering as a consequence of this government's inaction and ineptitude when it comes to joined-up reform. Piecemeal, ad hoc regulatory tinkering has not addressed the key structural issues the industry is facing.

The communications minister has proved to be incapable of getting his ducks in a row to usher in abolition of broadcast licensing fees and the introduction of the spectrum tax at the same time as identifying his content policy. Perhaps he does not understand the nexus between the two.

As the Productivity Commission stated in the report of its inquiry into broadcasting in 2000, licence fees:

… seek to recover some of the value inherent in commercial broadcasting licences from commercial broadcasters and provide a return to the public for their use of scarce radiofrequency spectrum.

The sector-specific licence fees levied on commercial broadcasters formed part of the social compact that has been a central theme in how broadcasting policy in legislation has been approached in Australia—at least until this minister came along, anyway.

Broadcasters have a unique role in preserving our national culture. Labor supports the changes to licence fees proposed in these bills and recognises the competitive pressure facing the sector. We note the policy objects of the Broadcasting Services Act are not amended in these bills, and expect the proposed measures to flow through in terms of provision of support for the Australian production sector.

Despite Labor's disappointment—(Time expired)

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (22:22): That is a shame—I was just getting into that! On behalf of the Australian Greens I rise to make a couple of comments tonight on the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 and the related bill.
The Greens cannot support the bill in its current form. We believe that there are really two pathways forward. One is for some sensible amendments, to cut away schedule 2 and schedule 5. We have circulated amendments for those two schedules, which would give that effect. That is for many of the same reasons cited by Senator O'Neill: to preserve the two-out-of-three rule, and I will go into some of the reasoning why we want that preserved. The other is to remove the provisions that hand back—depending on who you believe—upwards of $60 million to the broadcasters, and I will also speak as to why we have an amendment to that effect.

We also recognise, though, that this is a very serious issue and that Senator Fifield has a bit of a job on his hands. It has moved rapidly, even since this bill was conceived and introduced to the parliament a couple of months ago. Since the bill was introduced, going back quite a way—and it has changed shape a couple of times, most notably late last week—we have seen the Ten Network go into receivership and we have seen Fairfax looking really pretty shaky, with enormous redundancies at those mastheads and serious questions being raised about the future of print media at all in this country.

Against these, admittedly, extremely serious challenges—and I do not think that there is anybody in this chamber tonight who would claim to have all the answers—the government has introduced what Senator Fifield has referred to any number of times as a comprehensive package of reforms. This is our first point of disagreement with the minister. This is not comprehensive: this is actually a fairly narrow set of proposals and the only thing that we can guarantee would be the case, were the parliament to pass the bill in its present form, is that there would be less diversity in the Australian media landscape than there is now.

In order to justify this proposition, the government is once again waving its hands and vaguely citing the internet as both the cause of current Australian media difficulties and the excuse to do nothing about the core issue of media diversity. At the same time, the proposed changes that we are dealing with tonight do not address the issue of increasing digital media consumption and the difficulties that traditional platforms are having in bringing in ad or subscription revenue to actually keep the doors open. Nor do they equip the sector with a framework to embrace the further changes to come. I suspect that is one point of agreement amongst all of us, no matter what our political points of view are in here tonight, that these changes are going to keep coming.

People will continue to access news media in different ways as convenient access, not just to local but to global forms of news media, become more and more ubiquitous. There is almost nothing that can happen to stop that. Those news organisations that are adapting and trying to keep ahead of the curve are the ones that are in the best position to thrive.

Unfortunately, rather than embracing that agenda, the government is continuing to push the same agenda that it has for the last 20 years, which is just basically an agenda of deregulation, enabling further consolidation in what is already the most concentrated media market in any democracy. Once again, the winners are some of the most powerful media oligarchs on earth. So, on the surface, this bill seeks to repeal regulations that are several decades old, introduced at a time when the media could really only be delivered by radio, TV or newspapers. The government maintains that some of these regulations are obsolete. I have some understanding, and I do agree—up to a point—that this is true for some elements. That is why we are not
opposing the bill outright. I think that there are some pretty sensible and, certainly, timely reforms contained in here.

The government argues that search engines like Google and social media platforms like Facebook are increasingly the go-to sources for media consumption—huge US companies. In turn, they are both beneficiaries now of the vast majority of advertising revenue. That has been a huge transfer from traditional media platforms to digital. This is true; we absolutely accept that argument. But the government is not proposing any direct solutions to the challenges presented by this upheaval, and nor does it really acknowledge the fact that these are increasingly platform monopolies. I could only find figures from around 2015, but in excess of 90 per cent of search engine traffic in Australia goes through Google. This is not a Coles and Woolworths situation; this is as if Coles and Woolworths were to have merged.

It is similar with Facebook: in excess of 12 million Australians use Facebook, and the next-largest social media platform in this country is simply miles behind. So the increasing tendency for platform monopolies online is something that we think is a legitimate public policy question that could have been addressed in a bill like this, if the minister is going to continue to use words such as 'comprehensive'.

We believe that the strength of our public debate is undermined when people are hearing the news from the same one or two voices. That is the legitimate public policy issue here that I reckon we probably all agree on. But we are going to have some substantial disagreement tonight and in August, when this debate resumes, about what to do about it. Yes, the media landscape is changing—there is no dispute about that. And, yes, we need to ensure local content is being produced, that Australian stories are being told and that a more diverse and high-quality media is maintained.

But, again, this legislation does not address any of these things. It really does not. It moves to ensure that the government's media allies are in a position to lead their long-sought-after monopoly of Australian media; it provides for further collapse in media diversity. This is maybe not as far as some had feared; I recognise that Senator Fifield will address this, no doubt, when he closes the debate tonight and in August, when this debate resumes, about what to do about it. Yes, the media landscape is changing—there is no dispute about that. And, yes, we need to ensure local content is being produced, that Australian stories are being told and that a more diverse and high-quality media is maintained.

Coalition governments have a bit of form in this matter. They have been striving to repeal these laws aimed at preventing media concentration since at least 1996. But it took them more than a decade to progress their planned increased media concentration. I think successive governments are very aware, because of the very tight and sometimes deeply unhealthy feedback loop between media organisations and the political class down here in this building, that the media proprietors have a powerful voice. I do not know how many people were here back in 2012, when the then communications minister, Senator Conroy, was the last one who really tried to engage in meaningful reform through both the Convergence Review and the Finkelstein review, and it was as though the sky fell in. Before you knew it, Senator Conroy was being depicted as a dictator on the front page of The Daily Telegraph. You would have thought that Senator Conroy had proposed to nationalise the print media, and nothing could have been further from the truth. But these are very finely balanced political debates, and our usual method of getting our word out, through the newspapers, the TV stations and
the radio broadcasters, is somewhat kinked when the very channels through which you are attempting to get your message out have a very large commercial interest in the outcome.

In 2006, the Howard government removed the main cross-media ownership restrictions, and that allowed TV, newspaper and radio mergers, and he introduced the two-out-of-three rule and the five/four voices test, which I acknowledge Senator Fifield is not attempting to play with tonight. They have since been striving to repeal the rest of the regulations, and until recently this push was kept at bay largely by lack of industry consensus: you could not do what Mr Murdoch wanted without enraging Mr Stokes, and so on and so forth. That was what kind of jammed up any attempts to change the status quo.

But here we are in 2017, and we find the situation has changed. Fairfax is being slowly suffocated by its own corporate masters and some of the decisions that they have made as they exploit public trust in those mastheads while starving the newsrooms and the mastheads of revenue from the more profitable properties. That is a commercial choice; it really has nothing intrinsically to do with the internet. In this environment, the government has presented a suite of enticements that appeal both to the commercial TV networks, in the form of removal of licensing fees, and obviously to Foxtel—the changes to antisiphoning. I understand that Seven West are not wild about the changes to the antisiphoning rules, but it was enough to keep everybody in the tent. So, if anything, this really is a package of assembled political fixes designed to keep anybody from throwing rocks from the outside. It is not our job in here as the Australian Greens—and, I would argue, as members of all political organisations in here—to speak for one or another commercial interest. We are here for the public interest. That is who put us here, and that is who we should represent at all times.

With this sort of cobbled-together set of concessions to various competing commercial interests—and, obviously, a showcase event in Parliament House—the industry reached a consensus to repeal all the regulations preventing at least a media duopoly in Australia. It is clear that the government's process for developing a comprehensive media package has involved nothing more, really, than finding enough to feed the dwindling number of mouths at the commercial trough—no offence intended to parliament's own trough.

Several media commentators have obviously raised the questionable timing of Channel Ten's voluntary administration. I am not actually prone to conspiracy theory, which is something that might surprise some in this chamber, but let's take a look at how the industry viewed the timing and some of the circumstances surrounding what just happened at Channel Ten. Dave Donovan of Independent Australia noted:

This happened after shareholders Lachlan Murdoch (7.7%) and Bruce Gordon (15%) refused to guarantee a new finance package—one that does not become due until December. There is no problem with liquidity at Ten—it has good cashflow and is paying all of its bills as they become due. In short, it is not insolvent.

Nevertheless, this voluntary administration, made during the second last sitting week of Parliament before the long winter recess, did allow Communications Minister Mitch Fifield to yesterday stand in front of the cameras and solemnly urge the Parliament to pass his new media "reform" laws.

Lucky timing, eh, Senator Fifield? Former Liberal Party staffer and Crikey founder Stephen Mayne said this on the ABC's 7.30 last week:
This is the most unusual administration that I've ever seen, where a company that is doing a whole bunch of things to fix itself and doesn't have to pay its debts back for another six months, and has only borrowed one third of the total amount that it can borrow from its banks, has pulled the plug and handed over the business to administrators. So it's very puzzling.

Repealing the remaining regulations will not reverse Google and Facebook's impact on the market. In referring to the coalition's recent media dealings, Associate Professor Tim Dwyer of the University of Sydney, in The Conversation, said:

The takeaway from this sideshow is a profound sense that Australia is a media policy backwater. The time-honoured political and media-owner manoeuvrings are a substitute for smart, citizen-focused policymaking.

That is what we get sent to this building to do. That is our job, surely. Associate Professor Dwyer calls for a comprehensive review of how media is consumed across old and new platforms.

Fortunately, that is exactly what is happening, just not in this chamber tonight. I wish that debate was being joined tonight. It is not, but it is happening in the Senate Select Committee on the Future of Public Interest Journalism and the Australian and Children's Screen Content Review. That is something that I want to address a little bit tonight. That select committee, which I kicked off with senators Dastyari, Xenophon and Lambie a couple of weeks ago, is the main vehicle for assembling these views about what a genuinely comprehensive package of reforms would look like. That is due to report a bit later this year.

If you look a bit further around the world, the UK's Ofcom and the European Commission have both made significant progress in monitoring, researching and updating voice pluralism policies. That is what we could have been debating tonight, but we are not. This is one template we could consider for Australia. Ofcom has reviewed the UK's ownership rules at least every three years since 2003, and their regulatory framework sounds pretty familiar to us. The current restrictions include a rule limiting cross-media ownership of newspapers and TV at a national level, requirements for the appointment of a regional TV news provider, and a rule for administering a public-interest test for mergers. The UK government, via Ofcom, have actively engaged with the rise of online news and rapidly changing audience behaviours, like large groups accessing news only via Facebook. Ofcom have developed a 'share of references' to compare news consumption across different platforms. That data is available to lawmakers, publishers and providers to help ensure that the public are being well served by the laws governing the media landscape in the UK.

The US too has had a process of structured media ownership reviews since 1996: the quadrennial media ownership reviews. The last two reviews in the US—2010 and 2014—have left key ownership restrictions, including on cross-media ownership, firmly in place. These markets are both obviously much larger than Australia, but there are some similarities, and one key difference, which I would argue is as a result of the rules that have been left in place: they are way less concentrated than the Australian media market already is. Yet it is in Australia, tonight in this parliament, that the government proposes to remove some of those remaining cross-media ownership restrictions.

The bill also proposes to substitute licence fees worth around $100 million in annual revenue with a tax scheme worth around $40 million. What are the taxpayers getting for their $60 million? Are we getting $60 million worth of new Australian content? Are we getting
$60-million-a-year's worth of employment for new investigative journalists, expanded newsrooms or support for new media start-ups, subscription models or innovators? We are not getting anything of the sort. These elements, we know, were added to appeal to industry. They should have been debated separately, and I would have argued that they should have come with some concessions or some benefit to the public.

There have already been a number of reductions in licence fees for commercial TV broadcasters since 2010, under the former minister, Senator Conroy. The Greens have argued in the past that licensing fee reductions serve only the interests of commercial broadcasters, not the public. In 2013 we argued that broadcasting spectrum is not a free gift; it is a public good, it is a form of real estate that the public owns, and it comes with an obligation—or it should—to deliver Australian content. A decrease in fees should carry with it increased Australian content obligations. That should not be too hard to understand. The government is only vaguely promising to increase local content requirements sometime in the future with their content review. We will participate in the review, and it is good that it is happening, but there is nothing here in law. The pattern has been to reduce local content requirements in the past, basically arguing the same commercial imperatives that the broadcasters argued to get the licence fees eliminated.

Absent from this debate on this comprehensive media reform package is any mention of public or community broadcasters. A Department of Communications and the Arts discussion paper as far back as 2014 noted that any examination of media diversity in Australia needs to, obviously, consider the roles of SBS and the ABC. The paper stated that the national broadcasters:

… make a significant contribution to media diversity through their provision of television, radio and online services. This is particularly so for the ABC, the reach and depth of whose media outlets compare favourably to its commercial counterparts in most areas of Australia.

What are we seeing, though? We are seeing ABC and SBS being squeezed. They are having to cut services and funding. We were in an inquiry the other day about cutting short-wave funding. That is the tip of the iceberg.

Community radio broadcasters, which I would say are an essential part of a media ecosystem, also face a very uncertain future, with no assurance that funding will be provided beyond 2019. Their ongoing costs are less than a tenth of the discount that is being given to commercial broadcasters in this bill tonight. Senators Hinch, Xenophon, Lambie and I introduced a Senate motion today to increase funding for community radio to $4½ million for the 2018-19 financial year and to commit to this funding on an ongoing basis. That is what media diversity is. It is there; we just need to provide proper support for it.

The challenge of managing Australia's media landscape in the 21st century really needs a more substantial response than a couple handouts to the biggest players and, effectively, just ticking off their wish list. The government says 'the internet' when asked about diversity, but, when nine of the top 10 news media sites are owned by existing major media brands, it is far too simplistic. Let that sink in. The incumbents have basically shifted their incumbency online. Sure, there is diversity out there, but we are still in this transition where it is at the margins. The other thing, obviously, is that we have to ask when NBN penetration will be at a level sufficient to allow most Australians even to access these alternatives—certainly in the broadcast space.
What is the role of the ABC and SBS in Australia's media future? The package is cutting $60 million a year from the budget bottom line, and we are getting nothing in return, as are public broadcasters, community broadcasters or any of the numerous initiatives that are already being brought to bear in the future of public interest journalism inquiry. There are better uses for this money.

I told Senator Fifield last week and I will say it again to make sure it is firmly on the record: we recognise that things like the reach law are obsolete. We would not have opposed that being taken out. It has basically been completely over run by radio broadcast over IP networks. We also recognise that, if we give this another five or 10 years, probably the two-out-of-three law will be obsolete as well. We would be prepared to talk and negotiate with the government, the opposition and the crossbenches with the two-out-of-three rule on the table but only when we have some legitimate options and incentives on the table for actually promoting and sustaining media diversity. What we have at the moment is one half of the package and not the other half. That is why I have been quibbling with the minister about whether this is comprehensive.

Something comprehensive, if you are willing to come back to this debate in the fourth quarter of this year, is what the future of public interest journalism inquiry is going to try to serve up. That has so far been a very collegial body of work and very collegial committee to be a part of. Everybody is taking part in that—government, opposition, crossbench—and we think that is going to serve up to this minister and to the Australian people a menu of options for genuinely sustaining media diversity in this country. When we have that in front of us, let's talk about the two-out-of-three rule. Not tonight.

Senator PATERSON (Victoria) (22:42): Mr Acting Deputy President Back, I add my congratulations and warm wishes to you on the last occasion in which you will sit in the chair in this chamber and again place on the record my thanks for your service and friendship in my short time here in the Senate.

The ACTING DEPUTY PRESIDENT (Senator Back): Thank you, Senator Paterson.

Senator PATERSON: I am very pleased to have the opportunity to rise tonight, even at this late hour, to contribute to the debate on the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017. One of the first inquiries that I sat on when I first joined the Senate a little bit over a year ago was the Environment and Communications Legislation Committee inquiry into a previous iteration of this bill. I participated with Senator Urquhart and enjoyed listening to her questions. I noted some of the themes of her questions about that package back then being reiterated in the contribution by Senator O'Neill tonight, which I will come to in a moment. I am also now a member with Senator Ludlam on the Senate Select Committee on the Future of Public Interest Journalism, which I think should be described, in the fairest way possible, as the most elaborate fig-leaf exercise for the Labor Party to cover up their lack of support for media reform. Nonetheless, hopefully, it will despite that still produce some positive and useful outcomes.

Firstly I want to acknowledge Senator Ludlam's contribution to this debate because it was a thoughtful and nuanced contribution. Unlike Senator O'Neil's contribution, the words 'Fairfax' and 'Ten' did pass Senator Ludlam's lips. It was as if Senator O'Neill were commenting about the Australian media landscape as it was five years ago, as if she is unaware of all the developments that have happened in the media industry in recent years,
how dire things are for media companies and how vital and urgent action now is. I want to particularly single out and recognise a comment that Senator Ludlam made towards the end of his contribution, where he admitted not only that the 75 per cent reach rule is clearly outdated in a modern media landscape and that we should move on from it but also that he could envisage a time—I think he said it might only be five to 10 years away—where the two-out-of-three rule will also become redundant. I agree with him; although I think that time is now. I worry that had Senator Ludlam been here in this parliament when the transition from the horse and buggy to the motor car was taking place he would have said, 'We can't remove the regulations protecting horses and buggies yet. They might still be around for another five or 10 years, so we had better wait until they are really off the scene before we change the regulations.' But I will come to more substantive comments about that in moment.

I want to return to Senator O'Neill's contribution to the debate tonight, because I think it was extraordinary in a number of ways. One of the ways in which she characterised this media reform package was as a 'pro-industry package'. I agree: this is a pro-industry package. What Australia needs is a pro-industry package. If we follow her contribution to its logical conclusion, the Labor Party, in proposing to vote against this package, is anti media industry. They do not want a pro-industry package to pass through this parliament. It echoed the spectacular contribution made by the shadow communications minister, Michelle Rowland, in an interview with Kieran Gilbert on Sky News earlier this week. When it was put to her that all the media organisations in Australia were in favour of this bill and was that not a reason why Labor should consider supporting it, she said, 'They are only supporting it because there is something in it for all of them.' Well, yes, indeed, there is something in it for all of them. It will improve their ability to compete with their new and international competitors. It will improve their viability, and it may stave off or even prevent the collapse of a number of media companies. Indeed it is a pro-industry package and it is indeed true to say, as Michelle Rowland did, that all the media companies will get something out of it.

Senator O'Neill also said that the Labor Party was willing to support this bill on the condition that the two-out-of-three rule abolition was removed from the bill. It is an interesting position to take for a party that is complaining that the media reform package is not sufficiently comprehensive and is piecemeal. The Labor Party's only suggestion to improve a package that they think is not sufficiently comprehensive and is piecemeal is to make it less comprehensive and more piecemeal by removing a fairly fundamental part of the package. It said what it wants is true media reform, and, over and over again, comprehensive media reform, and yet it proposed absolutely nothing that would fit that definition—nothing that would resemble that in any way. The truth is that the only media reform package that is on the table in this debate and in this parliament is the one that the government has proposed. There are no alternatives. None have been provided. We were promised that there might be some alternatives in the future, but the time to act is now. The time to act is not going to be in a few months time or a few years time when one of the Australian media companies that we have all come to love and cherish falls over.

Senator O'Neill and other Labor speakers in this debate are concerned about the impact of the two-out-of-three rule on democracy and diversity and how it may lead to consolidation. They are right. It is true. If the two-out-of-three rule is removed, there may be consolidation in the Australian media industry. In fact, it is quite likely that there will be some consolidation
in the media industry. But if I had to choose between consolidation in the media industry that took place because all the outdated regulations were removed and companies that had common interests chose to merge or take each other over and restructure their affairs, thereby making them more efficient and allowing them to continue operating, or the alternative, which would be consolidation by collapse or consolidation by media companies in Australia falling over, I know which choice I would make. It is a fairly easy choice to make.

I would perhaps understand the concern about diversity if we had had this debate in the late 1990s. But the truth is that we are living in a golden age of media diversity. The diverse sources of news in the media and comment and information that I can access now are better than any human has had at any point in history. I can get every opinion under the sun at the click of a button. The perspectives and takes on Australian politics, international affairs and business are more varied than they have ever been. To hold up the two-out-of-three rule as the great protector of media diversity in a golden age of media diversity is, I think, incredibly naive and out of touch with reality. It is so perverse that if you were a media company today, or if you were advising a media company today—let's take Fairfax as an example—and the two-out-of-three rule was an obstacle to you structuring your company in a more efficient way that would allow the ongoing viability of your company, the best advice you could give them would be to stop printing newspapers. If I were advising The Age—if it were my commercial duty to advise them—I would tell them: 'Stop printing newspapers. Deliver The Age on an iPad or deliver The Age online, and you will be able to arrange your affairs in any way you see fit. You will be able to merge with a television company or any other company in the media industry. But if you continue to print the daily newspaper—which is of great value to some people still in this day and age, and which employs many people—all you are doing is tying your own hands behind your back and preventing yourself from structuring your affairs in the most efficient way.' The truth is, of course, that it is not The Age or any other media business that is tying their hands behind their back; it is the parliament and the laws of this nation that are tying their hands behind their back. We have the capacity to address that in this bill.

It is often said that the internet—particularly the arrival of Google and Facebook—is destroying the viability of traditional media. That may be true to some extent. It certainly has taken away what once were the so-called rivers of gold in terms of classified advertising that propped up the media model for many years. But we in this place are aiding and abetting that, unwittingly or unwittingly, by allowing companies like Google and Facebook—who, by the way, I think make wonderful companies and excellent services; I am not a constant critic like some in this debate—to have an extraordinary commercial advantage granted to them by the regulatory holiday we effectively give them at the expense of Australian media companies. We tie up Australian television networks, Australian print media companies and, of course, radio businesses with regulation that we could never and would never apply to these companies. The only thing we can really do, if we wish to give them the best fighting chance and the most even playing field, is to remove this outdated regulation.

There are those who come to this place and say, perhaps posturing to the press gallery or their friends in the gallery: 'Gee, isn't it terrible what Google and Facebook are doing to you? I'm on your side. I'm here for you.' Doubt their sincerity and doubt it greatly because if they do that at the same time as opposing this package, what they are doing is voting to make, in
relative terms, the Googles and Facebooks of the world much stronger in contrast to Australian media companies.

Also doubt the sincerity of people who come into this place and say that they really, sincerely want stronger controls on gambling advertising and to make sure children are not exposed to gambling advertising during live sport. It is only through this package that that issue will be addressed. Important features of this package have been subject to some criticism in earlier contributions to this debate—particularly the licence fee reductions which allow that to happen. Given that we know the strains and stresses television companies in particular are under, if we remove from them gambling advertising, which is a significant source of revenue, and do not compensate them in any way by also removing or reducing licence fees we would put them under even greater strain and risk their collapse even sooner than perhaps might otherwise be the case. If they are sincere about ensuring gambling advertising does not take place or that children are not exposed to it, it only logically follows that they must make it possible for that to happen by supporting licence fee reductions, which are a key feature of this bill.

Also doubt the sincerity of people who come into this place and say they are friends of regional media. I remember very well participating in the environment and communications committee's inquiry into a bill like this a bit over a year ago. The regional media companies in particular were crying out for legislation to fix the situation they were in. They were desperately asking us to act to help them stave off their financial difficulties. We still have not done so, and the pressure continues to mount on those businesses. For people who say that they want viable local regional media to continue to exist there is really only one option for them today, and that is to support this bill. In the absence of doing so they will perhaps ensure that they do not merge with a larger metropolitan ally or competitor, but they will also ensure that they close on their own terms in just a matter of months.

I have two final points in this vein. Certainly doubt the sincerity of someone who says they are a friend and a fan of regional media. I remember very well participating in the environment and communications committee's inquiry into a bill like this a bit over a year ago. The regional media companies in particular were crying out for legislation to fix the situation they were in. They were desperately asking us to act to help them stave off their financial difficulties. We still have not done so, and the pressure continues to mount on those businesses. For people who say that they want viable local regional media to continue to exist there is really only one option for them today, and that is to support this bill. In the absence of doing so they will perhaps ensure that they do not merge with a larger metropolitan ally or competitor, but they will also ensure that they close on their own terms in just a matter of months.

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Finally, I doubt the sincerity of people who come into this place and say that they are fans of private media and that they want to see a healthy commercial media landscape in Australia, because the effect of this bill not passing will be the continued consolidation and shrinking of that private media, and the only thing that will exist in its place, or the only thing that will become much more relatively large in that space, is of course the state funded, government
funded media. So when people come in here and use their maiden speeches to rail against the ABC or SBS and use estimates to be critical of those organisations but at the same time fail to support this kind of legislation, all they are doing is aiding the continual decline of private media and effectively increasing the influence of state media.

I would now like to turn to some of the key provisions of this bill. The key elements of the package are, as I have mentioned: the abolition of broadcast license fees for television and radio, which allows them to better compete with other media platforms; the introduction of a price for the use of spectrum by broadcasters that better reflects its use; protecting Australian children by banning gambling advertising during sports broadcasts in children's viewing hours; amendments to the antisiphoning scheme and list; a broadranging and comprehensive review of Australian and children's content; and a $30 million funding package for subscription television to support the broadcasting of women's sports. These reforms will ensure the ongoing production of high-quality Australian content and also strengthen the competitiveness of Australia's broadcasting sector.

The bill also acknowledges the increasing competition the broadcasting sector is facing and that important new measures such as new gambling advertising restrictions will place pressure on broadcasters and must therefore be compensated for. The government's decision to abolish broadcast licensing fees, as I mentioned earlier, and to also make sure that the new restrictions on gambling advertising apply to all platforms—free-to-air, subscription and online—are a recognition of the pressure that broadcasters are under. These changes in fees are significant reforms for the broadcasting industry, and they build on the media reforms that we have already announced and are currently before the parliament that look to abolish the two-out-of-three rule and 75 per cent reach rule.

I would like to particularly single out in this area a point that has been really well made in current and previous inquiries by the TV broadcasters—that is, the license fees they pay in Australia, by world standards, are incredibly high. It is certainly true that prior to what will hopefully be the passage of this bill they have not paid anywhere near a market rate for the spectrum that they use, but they have paid very significant licence fees, far in excess of most similar countries. In fact, many countries in the world have no licence fees at all. It is important that we recognise that these licence fees are in fact a relic of an analog media era and can no longer be justified in an increasingly competitive media environment. The idea that a television station should pay a licence fee for the privilege of reaching Australians when a company like Facebook can and does stream live content to Australians and pay no licence fee is obviously incredibly anachronistic and out of date.

Broadcasters are effectively caught in this pincer movement. Their revenues are flat or declining in real terms, as many advertisers are migrating online, and the on-demand services, which again I think are a really positive development that most Australian consumers are very pleased about, also draw audiences away from traditional broadcast content. Simultaneously costs are rising, and the capacity of broadcasters to contain that further cost growth will be severely limited given their need to invest in programming and technology across multiple media platforms. That is why the government is moving to abolish broadcast licensing fees, which amount to about $130 million per year, starting with the payment that would have been payable in December 2017. But importantly they are a key element of this comprehensive
package of reforms, and in the absence of support for the full package of these reforms those licence fee reductions may not be able to happen.

Spectrum pricing is, I think, a really important improvement in the way in which television stations pay for the actual public resource that they use, which is, of course, spectrum. The new spectrum price for television and radio will be set at a total of around $40 million, and the first payment is due to be made in 2017-18. Unlike broadcast licensing fees, the spectrum fee is not based on revenue. Rather the price takes into account the type of transmitter used, the amount and type of spectrum used, and its location. This is a similar approach to that which applies to other spectrum users and appropriately recognises what that public resource they are using is. Overall the vast majority of broadcasters will pay considerably less in spectrum fees than they currently pay in licence fees. This fee relief will enable broadcasters to better compete with other online competitors, invest in their businesses and produce Australian content. However, a small number of broadcasters will face a net increase in overall charges, and the government will support these broadcasters by providing a five-year transition support package to ensure they are no worse off.

Another part of this package that I really welcome is the changes to the antisiphoning scheme and list. My own view is that having a quarantine list of sporting events and other events that can only be broadcast and viewed initially by free-to-air TV networks is going to look seriously out of date in a few years time when many international sporting events start to be bought up, as has already happened, such as with the FA Cup final and the US Masters golf. So I think it is very appropriate that the government starts to recognise this and appropriately opens up more sports to competitive bidding and allows them to be broadcast on a range of platforms, including subscription television. I think this is particularly important when, as technology evolves, the difference between subscription television station and other television stations becomes, increasingly, a very fine difference. When Foxtel, for example, is offering an increasing amount of its content through apps like Foxtel Go and an increasing number of their users are accessing it, how different is it really to businesses like Netflix or Stan?

To conclude, I would just like to return to the fact that these reforms are supported by an extraordinary consensus across the media industry. Greg Hyland appeared before the Select Committee on the Future of Public Interest Journalism, and I asked him if, in his experience of more than 40 years in the media industry, he had ever seen a consensus like this, and, of course, he said no. There has never been a consensus in the media industry like this before, and to miss this opportunity would be a very sad thing. So I hope that all parties in this place consider their positions carefully and ultimately support the government's position.

**Senator McCarthy** (Northern Territory) (23:02): First up, may I say in response to the previous speaker, Senator Paterson, that Labor is definitely not anti media. Labor certainly does care about jobs—jobs for all Australians. In fact it is not Labor that is removing penalty rates as of this weekend.

Turning to the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017, as a former journalist of 20 years, I do have a very real interest in issues around media reforms—certainly from my own experiences—especially reforms that impact on diversity in our media. It is certainly true that we need to keep abreast of, and introduce reforms in response to, a volatile and continually changing media sector. New platforms are opening up the ways
we receive information, and we are often flooded with information. But does this information add to our knowledge? Does it reflect us and our community? Does it bring a diversity of voices and views to our media landscape? I do understand that some degree of government regulation is necessary to protect us from abuses of media power. A completely unregulated media market would result in a handful of powerful outlets dominating traditional, and perhaps even digital, forms of media. That is why I have concerns about the repeal of the two-out-of-three rule. We need to make sure there is a diversity of voices and cultures reflected in our Australian media.

I grew up in Borroloola in the Gulf of Carpentaria. In the early days we did not have television. The only communication we would have had, and did have, was ABC Radio. The first images and stories that I saw about first nations people or about the Yanyuwa, Garrwa, Marra and Gurdanji peoples of my region were pretty much negative. We talk about fake news. Let me tell you, fake news has been around a long time as far as Aboriginal people are concerned. We only have to look at, for example, the land claim for the Yanyuwa in the 1990s for the Sir Edward Pellew group of islands. A local media newspaper reported that it was local fisherman who would be removed or kicked out of their homes because Aboriginal people wanted the land. Have a think about that reporting. Have a think about that. Who was removing whom, and how long has that been going on for? Sadly, negative media stereotypes are still overwhelmingly the case.

Diversity in media is about reflecting the positive stories, and the voices that often do not get heard and the faces that are not seen. It is what we see all the time in mainstream media reporting on Indigenous affairs, when one of two spokespeople are expected to represent all Indigenous people and nations like we are some homogenous mass. Inevitably, the stories focus on failure, on gaps, on statistics or on not quite measuring up. This is where Indigenous media, the Special Broadcasting Service—SBS—and in some respects the ABC are important, although I must say that the ABC is dropping the ball when it comes to its listeners in remote areas, and that is all listeners, but I will be talking about that more a bit later.

We need to remember the importance of the diversity in Indigenous voices and opinions. The mainstream media often struggles to reflect the differing views and opinions in Indigenous communities, preferring sometimes to ignore differing views or to even display them as conflicts rather than the normal discourse and trading of views and ideas. As we move down the path of issues like constitutional reform and truth telling, as we talk about treaties and what they may look like, the question is: will mainstream media accurately and fairly reflect the differing views and opinions—and there are so many differing views and opinions—that are out there? Will they be able to do that in a way that does not escalate fear and anger? Will these be discussed, and sometimes argued, as we progress these issues? But in a mature way, in a way that all Australians can have a look at these issues and make their own minds up. If we have concerns now about the coverage of these particular issues and reports, what will it mean if we have further concentration in media control and ownership? And I am only talking about one or two small examples.

I said earlier that 'fake news' seems to be the buzzword, but fake news really has been around for way too long for Indigenous Australians, like how we are all supposed to get 'special treatment'—yes, that is fake news. I would like to be standing in this chamber today talking about how we are supporting and celebrating the achievements of Indigenous media.
workers. There are many, and there should be more. I would like to be talking about how the government is supporting the work of the Indigenous Remote Communications Association, which has done an enormous amount of work around the importance of the remote media sector and how governments can support the sector. The industry has identified the need for serious policy development work to be done in the Indigenous media sector. Policy in this area is really lagging behind, with no real update since the 1990s. In fact, the most major reform in this country that I can recall in this space was the BRACS—Broadcasting for Remote Aboriginal Communities Scheme—program. But, again, while so many communities did receive the ability to have media communications and to have radio stations, my community Borroloola did not receive it. We missed out. As a result of missing out, I was able to work with the ABC at the time to ensure that in this region in the gulf country—1,000 kilometres south-east of Darwin, our nearest capital—we could actually have a radio service. We spent a couple of years trying to set up a satellite service and applying for a communication licence—the broadcasting licence we needed. The community got behind us and supported me in that process. It certainly took a lot of diligence and a lot of reporting in the application process so that the community and the township of Borroloola could receive its very first local radio station.

In 1996 we were able to open that radio station and, again, it was really as a result of looking at what was happening in other remote regions across Australia under the BRACS program and realising that we had missed out. Taking those steps to establish the radio station, which we called B102.9 FM, 'The voice of the Gulf', in the local town, meant that local languages could be spoken and heard and they could be informing the community in language about cyclones, flooding, damage, if the local mail plane was coming in, if there was an incident on the roads or if any visitors were coming to the region. All of the local news could be spoken in language or English, and it was available to provide information to the cattle stations. The radius was not all that far—we started off with 50 kilometres—but it was such a huge advantage for the people in the region to be able to communicate and listen to their own local station. 'The voice of the Gulf' had a short radius of about 50 kilometres, but it was a good start.

Now in my electorate of the Northern Territory we are fortunate to have some strong Indigenous media organisations who tell the stories of our communities, who keep people in touch and connected and who help keep language and culture thriving. But it is also about sharing with non-Indigenous Australia the richness of this culture, which is very much a part of the lives of all Australians. The ability to reach out to all Australians and say: 'Hey, don't be afraid of us. We are here as first nations people and these are the languages spoken through the airwaves, on the TV screens and now in Indigenous newspapers across the country.' They are informing and educating but are also available for all Australians to make their own minds up: are they going to read the information in this paper, listen to that radio station or watch a news story from that Indigenous channel? They can make their own minds up in a very informed way about the issues that impact first nations people, not perpetuate the fake news has been going on for so long over so many decades.

Today we have organisations such as PAW Media; TEABBA, the Top End Aboriginal Bush Broadcasting Association; Radio Larrakia; and CAAMA, the Central Australian Aboriginal Media Association—the very first Aboriginal organisation to be granted a
broadcast licence. We used to have strong Indigenous programming on Imparja Television in Alice Springs, which, sadly, is now nothing more than a commercial relay station with no local news and no local content, let alone Aboriginal content. It is sad that all these years later we are seeing bush people's access to news and information cut and restricted. This is not just for Aboriginal people who live in the bush; this is for all our cattle families on the stations, the pastoralists, the truckies, the nurses and the police who live in the regions in these areas that rely on this.

Certainly, the cutting of the ABC shortwave service has impacted enormously on people who live, work and travel in remote regions, and it is certainly an indictment on this government that it has not stepped in to fund the ABC to enable them to continue using the transmission infrastructure. The government, ironically, hides behind the notion of the ABC's editorial independence, but the shortwave issue is not about interfering in any way with the ABCs absolute right to determine their content. This is about infrastructure. ABC management has made it perfectly clear that they cut the shortwave because they determined they did not want to spend their budget that this government has slashed to the bone on transmission services to a remote area audience that the ABC determined they could ignore.

I would certainly like to let you know what this remote area audience thinks about that, and I quote from submissions that the Northern Territory Cattlemen's Association has made to the Senate Environment and Communications Legislation Committee inquiry, that it was an 'unjust and dishonest policy of exclusion and discrimination against remote and regional Australians' and that:

Many people in rural and remote Australia are socially isolated, with less face-to-face contact with family, friends and other support networks. This can lead to loneliness and depression, and can contribute to suicidal behaviour. Stimulation provided by shortwave radio to those doing important jobs in isolated areas is critical.

There is a growing divide between remote and urban organisations due to access to technology and digital services. We are waiting to see what the real effects of the recently-announced ABC restructure will have in regional and remote areas. ABC management have said they want to increase the ABC's digital and video output from rural and regional Australia, but, when we have the NBN failures in the bush, just how realistic is this? We need to look at legislation that ensures that we not only have media that reflect the diversity of Australia, but media that reach into all of its remote areas, and that we have the accessible technology to support this.

Senator SMITH (Western Australia—Deputy Government Whip in the Senate) (23:16): I thank Senator McCarthy for that contribution because, as I was listening to it, I thought to myself, 'What very, very powerful arguments they are for the government's media reform package.' I will get to this in more detail as I progress in the time that is available to me tonight, but I think there is a misunderstanding about how you preserve diversity in the Australian media landscape, but more particularly and more urgently: what is the current risk and threat that exists to diversity in the Australian media landscape? I will come to that in a moment, because there are some very informed views around the issue of diversity that come from media operators themselves and, as well informed as we might be in this place, no-one understands the media business better than media operators themselves. And, importantly, the
Australian Consumer and Competition Commission has made some important comments in regard to media ownership and its effect on diversity in the media landscape.

Let's be clear about this: what the Labor Party is doing in the Australian Senate this evening by delaying and, I suspect, ultimately voting down the government's media reform package, is to delay the government's attempts to better protect Australian children from gambling advertising.

**Senator Dastyari:** Have a look at the speakers list—we have two people on it.

**Senator SMITH:** It is late and I am sure your comments are more misinformed at this late hour, Senator Dastyari, than they are normally.

**The ACTING DEPUTY PRESIDENT (Senator Bernardi):** Order! Address your remarks to the chair, Senator Smith.

**Senator Dastyari:** You have 11 speakers; we have two.

**The DEPUTY PRESIDENT:** Order, Senator Dastyari.

**Senator SMITH:** Importantly, what the Labor Party seeks to do this evening—and if it is delayed until August when we come back after the recess—is to continue to shackle the free-to-air broadcasters that are operating in a very constrained financial environment and that would like to be unshackled to better deliver Australian drama, Australian content and Australian sport.

It is interesting that opposition senators and others talk about their support for reform, but say, 'There are some elements of the reform that we do not like so, therefore, we are going to throw the baby out with the bathwater, so to speak.' When they do that they are doing not just the media industry a disservice; they are doing the parents of children who might find themselves in the face of gambling advertising a disservice and, most importantly, they are doing a disservice to the free-to-air broadcasters in our country that want to be unshackled and want to provide better services to consumers.

It is clear that the Labor Party do not understand what they say, because, if they understood what they say, they would be supporting media reform on the basis that continued rapid decline in the financial viability of Australian media proprietors is a real risk. It exists today. It is happening at a very fast rate. Any continued delay in this very sensible and well-balanced media reform package serves to undermine the interests that Labor senators have come into
this place this evening and said they actually support. They are undermining their own arguments by opposing this important reform package.

I have been associated with the government attempts at media reform for some time. In my role as the chairman of the government's communications backbench committee I have worked closely with Senator Fifield and other government members—National Party members and Liberal Party members—to best steer a path around media reform. It is worth noting how far the government has come on the important issue of media reform. Under the leadership of the former Prime Minister, media reform was, to use his words, 'off the table'. It was not going to happen. Then, after careful stewardship by Senator Fifield, the coalition came to a consensus view about the suitability of preserving the 75 per cent reach rural and came to a consensus view about the suitability of retaining the two-out-of-three media ownership rule. That consensus was that these two regulatory rules were no longer fit for purpose for the Australian media industry.

What informed those opinions significantly was not the attitude of big media proprietors but the attitude of media proprietors who were operating in the regional marketplace in this country—the very people Senator McCarthy applauded tonight because of the services and the diversity that they deliver to regional people and, in her specific case, to regional people and Indigenous people living in our remote communities. If I can digress for a moment, I want to applaud the great work of Sandy Dann at the Goolarri radio station in the Kimberley. Senator Siewert would know Sandy Dann as well. It is 99.7 FM for those who want to tune in. In all seriousness, Goolarri is exactly one of those radio stations delivering the sorts of services that Senator McCarthy talked about.

Senator Ludlam: Hear, hear!

Senator SMITH: Senator Ludlam is familiar with them as well. Those are exactly the sorts of services that Senator McCarthy was talking about this evening.

I argue—and I will get to this shortly—the Senate committee report argued and the Australian Competition and Consumer Commission argued that the best way to preserve diversity in the Australian media marketplace is to lift the rules, lift the regulations, not to continue to impose them. Let us be clear. When Labor Party members of the House of Representatives yesterday voted down the government's media reform bills they voted down licence fee relief for commercial television and radio broadcasters; they voted down fairer and more sensible tax arrangements for spectrum to ensure the public receives a fair return on this public asset; they opposed, they voted down, media ownership changes that will support Australian companies and Australian jobs against foreign tech competitors; they voted down, they voted against, new local television content protections for rural and regional communities; and they voted down, they rejected, antisiphoning reform for subscription television in this country.

It is easy to dismiss the tremendous amount of success that has been achieved over the last two years and, importantly, all too easy to dismiss the important consensus that was reached first inside the coalition and, second, amongst media proprietors themselves. It was, ambitiously, the government thought, a consensus that might have been able to have been reached within the House of Representatives, but, no. Let us hope that that consensus might be able to be achieved in the Australian Senate.
If you could indulge me for one moment, Mr Acting Deputy President Bernardi, I will read from an opinion piece that I wrote and had published in The Australian Financial Review on 4 January 2016, because it demonstrates how far the government has come, how far the community has come and how far media proprietors and media operators have come but, unfortunately, how little distance the Australian Labor Party has been able to travel on the important issue of media reform. That opinion piece is important because it reflects on the comment that I made little earlier about just how high were the hurdles that we had to overcome inside the coalition party room in order to get to this very, very significant achievement that we are hoping that Labor Party senators might embrace tonight. The opinion piece starts:

In the middle of 2015, it was widely predicted by many insiders that media reform was "off the table". Yet as the new year opens, the government is entering the final phase of deliberations that may bring an end to the redundant "reach rule" and possibly the death of another out-of-date media ownership rule, colloquially known as "two out of three".

With virtually all players conceding the reach rule - which restricts competition and choice in regional media markets - is past its use by date, the debate is now focused on how best to safeguard local content. Resolution on this point is closer than many realise, with the views of the key parties broadly aligned. Importantly, this includes regionally focused Liberal and Nationals MPs, who are setting their minds to a plan that will both preserve media coverage and choice in regional communities, while at the same time enable regional broadcasters to reverse their challenging financial experiences of recent years.

This is a very important piece of media reform. By any measure, if successful in the Senate, this will be a significant piece of legislative reform in its own right that will stand up against other significant pieces of legislation that the government has brought in, not just under Mr Turnbull's prime ministership but, indeed, under Mr Abbott's prime ministership as well. If there is any balance, if there is any sensible view, if there is any real understanding inside the minds of Labor Party senators, they will understand that the best way to arrest the financial decline, to arrest the increasing lack of viability in the Australian media industry, is to support these reforms.

What I would like to do is give a voice to some of those media operators, who know their industry the best, who know the industry much better than anyone here in this place, and encourage others senators to listen to the contributions that they have made in arguing for reform of their own industry. When other people argue for reform of their industry, whether it be public or private industry, we often hear Labor Party senators come into this place and give a voice to the virtues of those people who seek reform in other areas. But somehow, for some reason, when media operators themselves argue for reform they are treated with suspicion, they are treated with disdain. It is true that the Australian media market is tremendously competitive. The fact that operators themselves have been able to reach an agreement suggests that the issues are not just live for them but also very, very urgent and critical.

I would like to start with two of the more publicly challenged media operators in our country. Channel 10 and Senator Ludlam made some commentary in regard to some of the challenges that Channel 10 face, but Fairfax Media have done also. The Ten Network, in its submission to the Senate Environment and Communications Legislation Committee inquiry on the media reform bills made this comment. It said:

Removing these outdated media laws—
and I think it is important to remember that at this point I am focusing on the reach rule and the two-out-of-three rule, which are at the heart, if you like, of the consensus that we thought had been reached with regard to media reform—
is an important step in dismantling a set of regulations that are making Australian media companies less competitive in a global, converged media market at a time when the foreign technology companies continue to grow and dominate advertising revenue growth at astonishing rates.
By arbitrarily restricting Australian media companies' access to scale, capital and cross-platform growth, the current rules threaten the ongoing viability of Australian diversity and a local voice.
I cannot help but go back to Senator McCarthy's contribution. What Senator McCarthy's contribution focused on was the importance of having local voices in our media, the importance of having local voices telling local stories in their local communities, in their regional and remote local communities, and they want to stand in the way of that one thing that media operators say will give voices and improve local content for those regional and remote communities.

Let me turn briefly to what Fairfax Media had to say in its contribution to the Senate Environment and Communications Legislation Committee inquiry on the government's media reform bills. This is important. I think it is fair to say that no-one has to deal more on a day-to-day basis with the challenges of a changing media landscape than Fairfax Media. Mr Greg Hywood's submission was in October 2016. That again demonstrates the length of time this debate has been happening but also the important progress it has made. On the issues, Mr Hywood said:

One of the most persistent has been the pervasive and increasing influence of the giant global search engines and social media platforms on the Australian media industry. From Fairfax Media's point of view, the extent to which these organisations, based offshore, are diverting advertising revenue away from and undermining Australian media companies that invest in local content and journalists and which pay taxes is one of the prime justifications for abolishing the current two-out-of-three restriction.
This artificial and outdated restriction—
That is worth repeating:
This artificial and outdated restriction is a disincentive to investment in the Australian media and a severe brake on our ability to compete against global competition.
Let me put that a different way: the Labor Party's opposition to reform of the two-out-of-three rule is allowing an artificial and outdated restriction to continue to exist and is allowing a disincentive to investment in Australian media to continue exist and, by their actions, they are continuing to put a severe brake on the media industry's ability to compete against global competition. It is ironic because the things that Labor senators think they are protecting by opposing the two-out-of-three rule are in fact driving a further deterioration of the Australian media landscape in communities that are important to Senator McKenzie, who is in the Senate tonight, communities that are important to Senator Back and that he has represented this evening and, indeed, communities that are important to me.

I turn to the comments that Ian Audsley, Grant Blackley and Andrew Lancaster made in their contribution to the Senate committee inquiry. I draw this out particularly because I am not ashamed to say that, behind the scenes, the coalition worked assiduously to find consensus amongst Liberal and National Party regional MPs on this important issue and, to the great credit of many National Party MPs and many Liberal MPs representing regional communities,
we found that consensus, and then the media industry itself found that consensus, and then we come to the Australian Senate and unfortunately Labor senators cannot find it in themselves to embrace sensible reform.

Let me just share with you what Ian Audsley, Grant Blackley and Andrew Lancaster said: Surely, the evidence is clear. The case has been made. We doubt there is a politician in Canberra who wants to say they presided over an outdated regulatory regime that held back regional media.

They said:
We doubt there is a politician in Canberra who wants to say they presided over an outdated regulatory regime that held back regional media.

Perhaps it falls on me, Senator Back, perhaps it falls on me, Senator McKenzie, to name those politicians in Canberra in the Australian Senate at half past 11 on this Thursday night who want to 'preside over an outdated regulatory regime' that will hold back regional media interests. Let me name them: Senator Dastyari, Senator Pratt, Senator Bilyk, Senator Farrell—

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT: Order!

Senator SMITH: I think I have made the point. But in all seriousness—and I have not reflected on Senator Ludlam's contribution, because if there is one person in this place who perhaps does know a lot about the Australian media industry and the changing nature of the media industry after Senator Fifield, it is probably Senator Ludlam.

This is a significant piece of reform. It deserves to be looked at dispassionately. People should put their historical and partisan prejudices behind them, because this is a historic media reform landscape package that will change the landscape, that will liberate local content in our country—

Senator Dastyari interjecting—

Senator SMITH: and that will well serve media operators as well as consumers. It deserves your support, Senator Dastyari.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Before I call Senator Back, with the indulgence of the Senate: Senator Back, I recognise that you are hoping this will be your final contribution to the Senate—and you have had more farewells than Dame Nellie Melba, might I say!—but on behalf of the Senate, and I think I speak for everyone in the chamber, I want to thank you very much for your contribution to this place. You have carried yourself with great dignity, and I wish you and your family very well for the rest of your married life and career.

Senator BACK (Western Australia) (23:36): Thank you, Acting Deputy President Bernardi. The chamber will be delighted to learn that I am not attempting to emulate Dame Nellie in terms of her beautiful soprano voice! But I want to associate myself with the comments that have been made by everyone in this debate this evening on the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017, particularly as it relates to community radio. I want to share with you an experience I had in the days when there was an inadequacy of community radio, especially for those of us who needed it in the field of agricultural extension. I know that Senator Siewert was very active in this space. I was invited down to the great southern town of Kojonup, where I was asked to give a speech this
particular night to a group of interested farmers on artificial insemination in sheep. Kojonup is the middle of the sheep-production area of Western Australia. They assured me that they would utilise the local community radio to publicise the event.

I drove down on a winter's night, about this time of year, down from Muresk college at Northam to Kojonup. I got down there, and I thought I had the right night—through you, Acting Deputy President, to Senator Smith—but the CWA hall was in darkness. There was one other car there, so I went over to this person and said, 'Isn't tonight the night?' He said, 'Yes it is. I'm here for it.' We found our way into the hall and turned the lights on. We waited for some period of time, and I said to him, 'Look, do you mind if I get underway with my speech?' He said, 'No, that's okay.' I had 80 slides, and I presented my slides—eloquently, I thought—on the question of artificial insemination in sheep. I asked him if there were any questions, and he said, 'No, I don't have any questions.' I said, 'That's okay. If you have no questions, do you mind if I pack up and get underway, because it's a three-hour drive back to Northam and there are kangaroos, it's dark, it's cold, it's wet and it's miserable, so do you mind if I get underway?' And he said, 'Hang on, what about me? I've sat here and listened through your speech; what about me?' I said, 'What about you?' He said, 'I'm the other speaker!'

It goes to show the importance of community radio, particularly in agricultural communities. Obviously I join with the comments of Senator McCarthy, followed up by those of Senator Smith in this space. And in all seriousness, that story I just told was actually not a true story. I have to tell you: it wasn't Kojonup; it was Katanning. But anyhow I got that a bit wrong; it was further away from Northam.

Only the other day in fact did I approach Minister Fifield, because I had had an approach from people here in the eastern states who run a Saturday morning community radio station—some of them ex-military, others of them simply community-minded, all voluntary. As part of the engagement, they said to me, ‘Look, is there any way in which we can secure additional funding, because our community radio program is so popular?’ I am sure each of us in our various positions have been approached by constituents, particularly ethnic and other communities, who rely so heavily on their access to community radio.

For once, having approached the minister and having received the information that I did from him, I was able to go straight back to them and say, ‘You wouldn't believe it: funds were actually included in the recent budget, extending funding for community radio.’ When I communicated back to them, of course, as you could imagine, I immediately took credit for this and said that it had been my intense lobbying through to the minister that had attracted this funding.

I applaud, as part of this process, the extension of funding and the importance of community radio, and there has not been anyone who has spoken this evening who has been at variance with that particular view. I would just like to pick up on a comment that was made by Senator Paterson in what I regarded as an excellent contribution in this debate. He was talking of the fact that media has moved on. He used the horse-and-cart analogy and made the point that, by the time they got to some legislation associated with the use of horses and carts, they were long out of the scene and the horseless carriage had in fact made its approach into the major cities of the Western world.
Only days after the British election, early morning—I must have been preparing for my valedictory speech because I heard an interview hosted by Geraldine Doogue, a fine Western Australian. She was interviewing two senior journalists from the UK—one from the Conservative side of the British media, the other from the Labour side. The two of them were making this point: that the election of 2017 in the UK was the first time in which the importance of the print media was subordinate to the electronic and social media. One of them, who was a correspondent for *The Times*, made the observation—he said, 'I have two children, 19 and 21, and neither of them, even though their father has been part of this world all of their lives, would pick up any print media ever.' Of course they obtain their news, their inputs, their communication et cetera through electronic media sources, be it Facebook, Google or many of the others.

Further to that comment, the point they made was this: in general terms, the print media had supported the Prime Minister, Mrs May, and the electronic and social media had supported the Labour leader, Mr Jeremy Corbyn. What was the impact of that? Of course, as we know from the Brexit vote, most young people in the UK did not turn out to vote, although they were keen to stay within the European economic community. We know that voting is not compulsory in the UK. They were supportive of staying in Europe but they did not vote but, as a result of the electronic media, if you like, campaigns that were conducted in favour of Mr Corbyn, they turned out en masse with the result that Prime Minister May did not get a majority in the House of Commons.

We see evidence in support of Minister Fifield's legislation here and we see this as a straight indicator of the radical movement now in how people get their news. The older generations—even Senator Bushby is probably in that category; I bet he gets the Hobart Mercury on a daily basis; I noticed Senator Abetz gets it in a print form. One generation uses print media; another generation would not know what print media was.

What this speaks to is the irrelevance now of the two-in-three rule. I, like Senator Smith, believe that Senator Ludlam is one of the most knowledgeable people in this space.

**Senator Dastyari:** They really want your vote on this, Scott!

**Senator BACK:** I was told that I could stop at five o'clock tonight and I would be out of here, Senator Dastyari, and here it is, a quarter to midnight, and I am still going. So no, I do not need his vote, but he is a fine Western Australian, and he is very, very knowledgeable in this space.

**Senator McKim:** Hear, hear!

**Senator BACK:** Well, thank you very much, Senator McKim! But it is the case that the two-in-three rule is redundant; it is out, finished. It is like the man who fell out of the balloon and just is not in it anymore. Therefore, we have to move with the times. We have to accept that at any time, at any moment, any one of us now—in fact, people who have no interest in what I am saying may well be doing it—can pick up any media outlet anywhere in the world instantly, electronically, on their mobile telephone. Therefore, what is the point of trying to slavishly adhere to legislation that was relevant 30 years ago—it was probably appropriate 30 years ago—but today is of absolutely no relevance at all?

A comment has been made this evening about the ABC and SBS. You could ask, 'Well, how does this relate to broadcasting legislation amendment?' Well, it is the case that, like it or
not, the ABC and to a lesser extent SBS are in fact competing with the commercial media outlets. I have argued with the previous managing directors of both the ABC and SBS as to why they could not be brought together as one publicly funded broadcasting organisation. Mr Scott agreed with me; obviously the gentleman who ran SBS did not agree with me.

At that time—and I made the point then—if you remember, Australia was hosting the Asian soccer championships, and we had the ludicrous position in which only two entities competed with each other for the broadcasting rights. One was SBS, which, instead of using taxpayers' funds was going to actually go out and get sponsorship. And its competitor, who swamped it in terms of the quotient of the bid, was the publicly funded ABC, using taxpayers' money. You would have to ask the question: what was the validity of the ABC using taxpayers' money to beat the other publicly funded broadcaster, the SBS? Not only is that an organisation that would have used sponsorship money to do the broadcasting but, as we all know, it is SBS that is the home of soccer in this nation. When the World Cup is on, and other major events overseas, that is SBS's real thing. It goes to the point of just why we have the two publicly funded broadcasting organisations.

Again, it is the case that the ABC has to make its mind up about what space it wants to be in. In fact, as it moves into the digital age, to what extent, being publicly funded, should it have an advantage over commercial organisations? Fairfax has been mentioned here this evening. Journalists are being put off in their droves by that particular organisation. In the case of Fairfax Rural, for example, its resources to enable it to report rural news are very much more limited than those of the ABC.

Now, it would be easy for me, in my final contribution in this place, to reflect on my attitude towards the integrity of some of the productions of the ABC. But I am not going to do that at any length, except to place on record, for the last time, my absolute dismay and disgust at the duplicitous and false reporting by the Four Corners program, Ms Sarah Ferguson, of that horrific case that led to the ban on the exporting of live cattle from Australia. It is the case that she lied to me six times under oath in the Senate inquiry we had in the instance in which she named a particular cattle station in the north of Western Australia in connection with animals that had come from that station and been processed in an abattoir in Indonesia.

She wrongly reported the behaviour of those animals as in some way being fear related, when all they had was a metabolic condition called transit tetany. Worse than that, that family had hate mail for a long period of time. Six times I gave her the opportunity to confirm what I was telling her, and that was that she named that cattle station. I do not intend naming it this evening. Six times she denied it. She also denied to me that she did not, in fact, have it in her possession at the time she interviewed Mr Ken Warriner from Newcastle Waters, the then head of the Northern Territory Cattlemen's Association, and Mr Luke Bowen, the chief executive of the Northern Territory Cattlemen's Association. Both of those gentlemen believe she had not seen the footage supplied to her by activists when, indeed, she kept saying she had seen that footage. I certainly have evidence to confirm that she did not. That, I think, was a reprehensible circumstance and, as I said to the senior management of the publicly funded ABC, 'Is it not the case that you have got a responsibility in terms of assisting or at least commenting upon our relations with Indonesia?'

The other event which was very regrettable recently were the matters that led to the reporting of matters pertaining that became the royal commission into the activities of
institutions in Darwin, in Don Dale, and the way in which that was reported. Against that, of course, over time that particular program, *Four Corners*, has been a highly reputable program, so I only say, as part of that contribution, I urge the ABC to be aware of its corporate and social responsibility.

I strongly support the move that is being made to ensure that there is a limit on the capacity of broadcasting of live gambling associated with live sporting activities in the presence of children. The reforms demonstrate, as it says here: 'The government is listening to the community on gambling advertising and will protect children while at the same time fostering a vibrant, competitive and sustainable media industry.' Nobody has enjoyed sport more than me. Nobody has enjoyed sport associated with having a bet more than me. But I think the community generally was disgusted when it got to the stage that in prime time, during live broadcasts of sport, we saw a burgeoning of advertising encouraging people to gamble, and we all know very well that children had that opportunity to be involved.

A question has been asked about these reforms that Minister Fifield wants to bring into place. Senator Ludlam quite rightly raised this issue when he asked: where is the increased high-quality Australian content going to be as a result of the move in this bill to remove, I think, the $60 million of licence fees? That is a perfectly reasonable question, and I have no doubt at all that the minister will be able to respond to those.

Abolition of broadcasting licence fees for television and radio—again, I remind those who might be interested in this debate to think about this: at any time you can grab information out of New York, you can grab it out of Al Jazeera, you can grab BBC World, you can grab 'chicken noodle news'—I mean CNN. You can get any of those instantly. You can get them here in the chamber tonight so long as your device is on quiet—through you to Senator Dastyari, Mr Acting Deputy President. So while the concept of wanting to charge this ridiculously high licence fee is spurious, at the same time I concur with Senator Ludlam. If that licence fee, which is revenue for the Australian taxpayer ultimately, is to be forgiven then where do we see the benefit that flows through to it? I simply say the two-in-three rule today is irrelevant. Print media will probably be a thing of the past within that five-year timescale that Senator Ludlam mentioned. The future of print media, I believe, is obviously very questionable. It was Senator Paterson who, I think, put the point quite eloquently: if you were investing or advising in that print media space, what would you be doing? I simply say that I commend this bill to the Senate. I certainly would be looking forward to the debate, but I will be visiting it from afar—hopefully at a place where they do not charge too many licence fees, Minister Fifield—and it is with regret that I will not be able to ask if I can seek leave to continue my remarks.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): I sincerely thank you, Senator Back.

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (23:55): May I take this opportunity, as the speaker that follows Senator Back, to again acknowledge his contribution to the Senate over the time he has been here and to wish him very well and to thank him for what, once again and as always in this place, was an exceedingly compelling and erudite speech and a very compelling argument. I am sure that he has gone a long way to convincing some of those in this place who might have other thoughts as to where their votes
might be that they should actually place their votes where they should be. I think you have convinced Senator Smith, if nothing else.

I also rise to talk on the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 and the Commercial Broadcasting (Tax) Bill 2017. This bill has developed over some time, and there has been a number of iterations and a number of different reforms that have been included in it. I note that the key elements to the package, as it currently stands, include: the abolition of the broadcasting licence fees for television, radio, and allowing broadcasters to better compete with other media platforms; the introduction of a price for the use of spectrum by broadcasters that better reflects its use; protecting Australian children by banning gambling advertising during sports broadcast in children's viewing hours; amendments to the anti-siphoning scheme and list; a broad ranging and comprehensive review of Australian and children's content; and a $30 million funding package for subscription television to support the broadcasting of women's and niche sports. However, what I intend to focus on primarily on in this bill are those parts of it which address the 75 per cent audience reach rule and the two-out-of-three rule. The reason I particularly intend to focus on that is I had the privilege of chairing the Senate Environment and Communications Legislation Committee inquiry into a predecessor to this bill, which was the Broadcasting Legislation Amendment (Media Reform) Bill 2016, which focussed primarily on those issues.

The environment in which the media operates in 2017 is vastly different to that which existed throughout most of the 20th century. Disruptive use of information technology, particularly internet-based opportunities for distribution of news, ranging from individual bloggers to a plethora of social media options, through to the large media operators running internet-based news services, has seen traditional media business models blown away and totally turned on their heads. It has totally changed how people collate, distribute and consume their news. The changes proposed by the bill are a measured, carefully developed and well thought out response to this changing environment, and I congratulate the minister, who, of course, is sitting in front of me.

The Senate Environment and Communications Legislation Committee conducted a comprehensive inquiry into this bill late last year. At the time, I was the chair of that committee and chaired that inquiry. It followed an inquiry into an earlier version of the bill, which was conducted during the course of the previous parliament. The earlier version of the bill was introduced in the House of Representatives in March 2016. The provisions of that bill were also examined in that parliament by the Senate Environment and Communications Legislation Committee. That committee received 21 submissions and conducted two public hearings. After considering that evidence on 5 May 2016, the earlier committee presented a report recommending:

- that the government consider amending the 'trigger event' provision in schedule 3 to bill so that the additional local programming obligations proposed by the bill would be triggered in a situation where a regional broadcaster came to be in a position to control a metropolitan broadcaster …

It is worth noting that the bill only covered situations where a metropolitan broadcaster came to be in a position to control a regional broadcaster. After due consideration of the above recommendation, the earlier committee also moved on to recommend that the bill be passed.

I am pleased to note that, in the iteration of the bill that we looked at late last year, the government accepted the first recommendation of the earlier report. Accordingly, the bill that
was introduced on 1 September 2016 differed from the earlier version by amendments that ensured the additional local programming obligations will be triggered if a regional broadcaster came to be in a position to control a metropolitan broadcaster. That showed the willingness of the government at that time to listen to sound argument and to adopt that sound argument into its bill. I think that the bill that is before us in this place today, which incorporates a whole range of other issues that needed to be addressed, also demonstrates the government's willingness to listen to good, sound argument and to act upon that and incorporate that into legislation it seeks to have enacted.

The bill considered by the environment and communications committee late last year was otherwise identical to the bill that was examined by the earlier committee. The more recent inquiry agreed to refer to the evidence received during the earlier inquiry. In addition, the committee wrote to individuals and organisations involved in the earlier inquiry, inviting them to provide updated information. The later committee received 12 submissions and also conducted a public hearing in Sydney. The report of the committee drew on the evidence and the findings of the earlier inquiry plus consideration of the additional evidence received during this inquiry, which means that it had quite a comprehensive range of evidence, both written and oral, from which to draw its conclusions.

My contribution in terms of the details of the bill, as I have mentioned earlier, will focus largely on the two-out-of-three rule and the 75 per cent reach rule and, in doing so, will focus largely on the findings of the inquiry from late last year. I will draw heavily on my chair's report as adopted by a majority of that committee in discussing that.

Let me now turn to the issues that I wish to address: the two-out-of-three rule and the 75 per cent reach rule. The Broadcasting Services Act 1992 includes five rules that limit the control of commercial broadcasting services, television and radio, and newspapers associated with the licence areas. The bill proposes, amongst other things, to repeal the following two rules: first, the 75 per cent audience reach rule. This rule provides that a person either in own right or as a director of one or more companies must not be in a position to exercise control of commercial television broadcasting licences whose total licence area population exceeds 75 per cent of the Australian population. This rule was first introduced as the 60 per cent reach rule in 1987 and was increased to the 75 per cent threshold in 1993.

The regulation impact statement published in the explanatory memorandum for the bill in late 2016 explains that the framework was based on the concept of control, not ownership per se. If a person has company interest exceeding 15 per cent, they are regarded as being in a position to exercise control of the company. However, holding company interest is not the only way to be in a position to exercise control. Another example of control is the ability to control the selection or provision of a significant proportion of the licensee's programming. It is interesting to note that organic population growth does not result in the 75 per cent threshold being contravened. However, the current audience reach of the metropolitan networks and the application of the 75 per cent audience reach rule means that no metropolitan network can take over a regional network or acquire more licences without divesting one or more commercial television licences, which is very inflexible given the changing and dynamic nature of the current media landscape.

Second is the two-out-of-three cross-media control rule, which deals with television, radio and newspapers. This rule provides that mergers cannot involve more than two of three
regulated media platforms: commercial television, commercial radio and associated newspapers in any commercial radio licence area. The two-out-of-three rule was introduced in 2006.

The three other rules which would remain if the bill were enacted include the five-out-of-four rule, which applies to television, radio and newspapers. This rule, which is also known as the minimum voices rule, is a requirement that at least five independent media operations or media groups must be present in the mainland state capital cities and at least four must be present in regional commercial radio licence areas. It is important to remember that that will remain even if this bill is enacted.

The one-to-a-market rule, which applies to television, is:
A person, either in their own right or as a director of one or more companies, must not be able to exercise control of more than one commercial television broadcasting licence in a licence area.
Again, if this bill is enacted, that will remain in place. The two-to-a-market rule, which applies to radio, is:
A person, either in their own right or as a director of one or more companies, must not be able to exercise control of more than two commercial radio broadcasting licences in the same licence area.
Again, no change to that rule is planned.

Under the BSA framework, a newspaper is associated with a television broadcasting licence, if more than 50 per cent of its circulation is within the relevant licence area; and with a commercial radio licence, if more than 50 per cent of its circulation is within the relevant licence area and the newspaper circulation covers at least two per cent of the licence area's population. National newspapers, such as The Australian and The Australian Financial Review, are not included in the definition of associated newspapers.

As mentioned, the arguments in support of the proposed measures stem from the technological changes and related developments that the media sector has faced. The arguments put by submitters to the inquiry that we conducted late last year include that, in recent years, it has become increasingly apparent that the 75 per cent rule does little to support media diversity as regional viewers essentially receive the same commercial television programming as metropolitan viewers due to affiliation or content supply agreements. In relation to the proposed abolition of the two-out-of-three cross-media control, as the rule focuses on traditional media platforms, it does not take into consideration the changed media landscape, where consumers access news content from alternative sources, such as online.

The technological change that has altered how media content can be consumed is strongly evidenced by the growing popularity of online content. Online video-on-demand services provided by international and domestic businesses distribute products throughout Australia without being subject to the ownership and control regulation rules in the Broadcasting Services Act. For example, the 75 per cent audience-reach rule prevents metropolitan television networks from broadcasting directly to 25 per cent of the population. However, this does not apply to online content. Clearly, it is a situation that is restrictive for those to whom the regulations apply.

Southern Cross Austereo noted at the inquiry that all three metropolitan television networks stream television programming—that is, online—with no regard for the exclusive
broadcast licence areas and regardless of any cannibalisation this may cause to viewing or revenue in regional licence areas. The arrival of Netflix has crystallised the growing realisation that the existing media regulatory framework does not account for the internet. Indeed, Netflix's arrival represents for the first time a major media intervention in Australia that has not gone through a series of important regulatory gates.

In addition to online entertainment, the widespread popularity of online news services is another key development over recent years. As already noted, Australian newspaper businesses and other traditional Australian media companies operate websites used by many Australians to access their news. Contrary to Senator Back's assertion earlier on, I do not get Hobart's *The Mercury* in paper form anymore. I get the digital edition, as I imagine many other people do. He was actually putting me in the older generation. I find the digital edition fantastic for somebody who travels a lot because, as long as I have access to the internet, I can access the newspaper. That has advantages, but it demonstrates the changing landscape within which the additional media outlets now operate.

As already noted, Australian newspaper businesses and other traditional Australian media companies operate websites for the many Australians who access their news online—as do I and others now. However, international businesses also provide online news services with recent entrances in the Australian market, including local editions of *The Daily Mail*, *The Guardian*, Huffington Post and Buzzfeed. Online newspapers are not covered by the BSA ownership and control framework. It is clear that the rise of online services has had a significant effect on Australia's media sector. In particular, it highlights how the increase in online advertising services is affecting the advertising revenue on which media companies traditionally relied.

As was noted at the hearing last year, Mr Greg Hywood, the chief executive officer of Fairfax Media, stated:

The traditional media companies, including publications like us, originally had two main sources of revenue. One was classified advertising and one was display advertising. As we know, over-the-top players have come into the market—such as REA, SEEK and Carsales—and taken that classified component which, for Fairfax, was probably 60 per cent to 70 per cent of our revenue. About another 25 per cent to 30 per cent was display advertising. Most that is now going to Google and Facebook.

Mr Hywood added that although the overall marketing spend in Australia is increasing, that increase does not outweigh the falling market share of advertising that traditional media companies are experiencing. On the consequences of this for Fairfax, he said:

… we are attempting to invest in Australian media and we are attempting to provide jobs for journalists, which provides the transparency that is so valuable to this community, on a smaller and smaller amount of money.

Mr Hywood informed the committee that US research shows that '85 per cent of new display advertising coming in to the US market is now going to Google and Facebook'.

If the proposed changes are enacted, consolidation within the commercial television sector will be possible, subject to the Competition and Consumer Act 2010 and other relevant laws. It is argued—in my view, compellingly—that this would allow greater scale in operations, allowing commercial broadcasters to compete in an environment where audiences can readily access premium content online. Evidence to the inquiry backed the conclusion that 'without some form of consolidation you are going to see less and less local information and less and
less diversity in the voice from regional Australia'. This is because the current economic circumstances regional media companies face will mean that over time their finances will not allow continued investment in local content.

The Australian Competition and Consumer Commission has also observed the 75 per cent audience reach rule and the two-out-of-three rule appear to be outdated as the result of technological change. As the May 2016 report on the earlier version of the bill discussed, the ACCC's views on this were informed by the review it completed in 2015 of a transaction involving the Ten Network and Foxtel. As an aside, of course, recently the Ten Network has gone into receivership—no doubt a reflection of the challenging media business landscape it faces with outdated restricted ownership rules. The ACCC's chairman, Mr Rod Sims, noted that streaming activities by the free-to-air networks made it difficult for their activities to be contained by the 75 per cent reach rule. Free-to-air networks are not as constrained by that rule as the traditional media outlets are. Mr Sims also noted that 'had there not been a 75 per cent reach rule, it is possible that other buyers could have met a more competitive outcome than the one we ended up with', maybe having some impact on the viability of the Ten Network. We will never know.

Notwithstanding the evidence regarding the financial challenges some media companies are facing and the view that certain aspects of the media ownership framework are obsolete due to technological change, the continued influence of Australia's traditional media companies is evident. Mr Tim Worner, the chief executive officer of Seven West Media, noted:

Over 70 per cent of Australians exclusively rely on free-to-air television for their news, their sport and their entertainment content.

Interestingly, Professor Michael Fraser, the former director of the now-closed Communications Law Centre of the University of Technology Sydney, stated:

While it is the case that many people, especially younger people, now obtain their content—including news and current affairs—online, much of that is parasitic on the mainstream media and is recycling content which others have invested in the production and distribution of.

Professor Fraser added that although there are online sources 'we are still in this transitional phase where people rely on the mainstream media', which is why it is so important to get the regulations that relate to mainstream media right so that they can continue to compete in this environment.

Although there is an expectation that the availability and popularity of online content will continue to grow, Professor Fraser argued that 'we will still need to ensure that there are mainstream providers of news and information which are regulated'—I would say appropriately—'so that the public has confidence in the professionalism and journalistic standards of fairness and accuracy in mainstream media.' To illustrate this point, Professor Fraser commented:

If you go online to any site, you do not know whether it is a dissident in Beirut or somebody in Glasgow pretending to be a dissident in Beirut— you take your chances. But we need to have confidence in a regulated mainstream. That is why I connect these two issues intimately.

The bottom line is that the question of diversity of sources must be linked with the standards that apply to the professional level of their production, especially fairness and accuracy.
The issues that need to be addressed relating to the application of the 75 per cent audience rule—I note I have 18 seconds left, so I am not going to get into that one too much—were clearly articulated as well during the inquiry by regional broadcasters. Although local news is produced, overall, no more than three per cent of that content is local and so it is very important that we make the changes that we are looking at today to ensure that we can—

(Time expired)

Friday, 23 June 2017

Senator HUME (Victoria) (00:15): I rise this evening to speak on the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 and Commercial Broadcasting (Tax) Bill 2017. It is with great pleasure that I do so, even at this very late—I should probably say early—hour because the history of broadcasting in Australia is inextricably intertwined with the history of Victoria, probably something that you were not entirely aware of, Mr Acting Deputy President Smith.

Can I tell you, as senator for Victoria, this is very exciting stuff for me. I do not know whether you know, Mr Acting Deputy President, but Australia's first two-way wireless telegraphy station was actually built in Queenscliff, Victoria, in 1905 by the Marconi radio company. There is something you did not know! Let me tell you something else that you probably did not know about Victoria's relationship with broadcasting: television in Australia actually began, experimentally, as early as 1929 in Melbourne, with radio stations 3DB and 3UZ using the Radiovision system that was invented by Gilbert Miles and Donald McDonald.

But it does not end there. In 1954, the government of Menzies—another fine Victorian, I might add—formally announced the introduction of a new two-tiered TV system, which was a government funded service run by the ABC and two commercial services in Sydney and Melbourne. Of course, it was the 1956 Summer Olympics, also held in Melbourne, that was the major driving force behind the introduction of television to Australia.

But it does not end there, even. Can I add one more little bit of parochial information on the relationship between Victoria and Australia's broadcasting history: it was, in fact, an interview with Dame Edna Everage that first appeared on HSV-7's first day of programming in 1956—Dame Edna Everage, of course, being a great Victorian. That was 60 years ago, and here she is still performing today. So it is only appropriate, I think, that the reforms that we are talking about today have been introduced to the Senate by yet another great Victorian, the Minister for Communications, Senator Fifield—

Senator Fifield: That was a long bow!

Senator HUME: That was a long bow, and you missed it!

Senator Fifield: Say it again!

Senator HUME: No, I will not start all over again! It is fantastic. As a senator for Victoria, it is an incredible honour to be able to speak on these broadcasting amendments today.

Indeed, times have changed over those many, many years—certainly, Network Ten's announcement just a couple of weeks ago that they were going into administration was terribly shocking but, I suppose, unsurprising. This government, the Turnbull government, and industry leaders have been warning for a very long time that Australia's media industry is under considerable pressure and desperately needs reform. While the government has sought
to progress those important reforms, such as the abolition of the two-out-of-three rule since March 2016. Labor's response has been to frustrate and to delay the passage of that legislation. Labor has displayed a callous disregard for the impact of their actions and the impact that their actions are having on this industry, an industry that desperately needs reform, that is crying out for reform. Labor's gamesmanship has limited the options for organisations like Ten. The government's media reform package has the historic and unprecedented support of the entire Australian media industry, yet Labor continue to ignore these pleas. But the good news is it is not too late. Today we give those opposite a great opportunity to abandon that politically motivated opposition and show that they care about the Australian media industry and the men and women whose livelihoods depend upon it.

The government's reforms are vital measures that will unshackle Australia's media industry from redundant laws and allow it to best respond to the increasing international competition that it faces. Just last month, Network Ten's CEO, Paul Anderson, warned that the media sector was under extreme competitive pressure from foreign owned tech media giants. Mr Anderson has repeatedly pointed out that the current media rules, particularly the two-out-of-three rule, spoken about so eloquently by Senator Bushby, are stifling growth and threatening jobs. There is an awful lot of talk about media diversity, but the greatest threat to media diversity in this country would be the failure of our media organisations.

Previous speakers tonight in this chamber have spoken about the 75 per cent reach rule and the two-out-of-three cross-media control rule and how they will change under this legislation. They have also spoken about the rules that will not necessarily change: the five-four rule, the one-to-a-market rule and the two-to-a-market rule. I am not going to get into the weeds and discuss those changes in any great detail, but what I would like to do is talk about this legislation in the context of the overall broadcasting and content reform package that the government is introducing. These are landmark reforms that aim to protect children from gambling advertising, modernise and assist the broadcasting sector and also recognise the changing consumer viewing patterns for high-quality Australian content. The reforms that this government is introducing demonstrate that the government is actually listening to the community, in particular to the community's concerns on gambling advertising, and is acting to protect children while at the same time fostering a vibrant, competitive and sustainable media industry. These reforms, as I mentioned, enjoy the unanimous support of Australia's media industry, which is quite a breakthrough in this difficult sector.

Free-to-air broadcasters play a very important role in providing access to high-quality Australian content, such as sporting events, current affairs, drama and children's programs, to all Australians; however, they are operating in an increasingly competitive and challenging environment due to the entry of online service providers. Audiences now have unlimited viewing opportunities across more platforms than ever before. So this industry is crying out for modernisation. Audiences are increasingly fragmented, and the advertising revenue that is available to commercial broadcasters is falling as competition in this sector increases so dramatically. The coalition's broadcasting content reform package will modernise regulation and help position the broadcasting sector to adequately deal with existing and future challenges far more effectively.

There are six key elements to the broadcasting reform package. First and foremost is the abolition of broadcasting licence fees for television and radio, which will allow broadcasters
to better compete with emerging media platforms, in particular online platforms. The second element is the introduction of a price for the use of spectrum by broadcasters that better reflects its use. The third element is protecting Australian children by banning gambling advertising during sports broadcasts and children's viewing hours. Fourth is amendments to the anti-siphoning scheme and list. The fifth element is a widening review of Australian children's content. And the final element of the package is a $30 million funding package for subscription television to support the broadcasting of women's sports and niche sports.

These reforms will ensure the ongoing production of very high quality Australian content and will strengthen the competitiveness of Australia's broadcasting sector. But the package also acknowledges that the broadcasting sector is facing increased competition and that the measures, such as the new gambling advertising restrictions, placed pressure on broadcasters. Hence the government's decision to abolish the broadcasting licence fees and also to make sure that the new restrictions on gambling advertising apply to all platforms, whether they be free to air, subscription or online. These changes in fees are very significant reforms for the broadcasting industry, and they build on the media reforms that we have already announced and that are before the parliament tonight.

I want to go through a couple of these other reforms that are an adjunct to this legislation. The broadcasting fees and the licence fees really are a relic of an analog media era and they cannot be justified in this increasingly competitive environment. The fees were introduced at a time when commercial broadcasters were in a completely different and highly privileged position to provide media content, and there was far more limited competition during that era. Today, the opposite of that is true. Commercial television and radio broadcasters compete on an entirely different playing field, with a range of subscription and digital providers, for audiences and for advertising dollars. The broadcasters are caught in this incredible pincer movement. Their revenues are flat or are declining, in real terms, as online and on-demand services draw audiences away from that traditional broadcast content. At the same time, costs are rising, and the capacity of broadcasters to contain that further cost growth is limited, given the need to invest in programming and technology across those multiple media platforms.

To enable broadcasters to compete in this modern media environment, the government, as part of this package, will abolish broadcasting licence fees—currently about $130 million per year—starting with the payment that would be payable in December 2017. Instead the government will introduce a price for broadcast spectrum that far more accurately reflects its use. The government has already reduced the licence fees that the broadcasters pay by 25 per cent. It did that in the 2016-17 budget. This was a very important first step in recognising the changing media environment, but it did not go far enough. The licence fees, as I have said before, are a relic of an era when commercial broadcasters were in a very privileged position to be highly profitable as a consequence of holding one of a very limited number of commercial broadcasting licences.

Owning a broadcasting licence no longer grants that same privilege of exclusive provision of content. Audiences can now choose to get their content from so many of those multiple services, and it no longer makes any sense at all to impose an outdated tax on businesses whose competitors pay no such fees. This is a levelling of the playing field in the new era we now find ourselves in. There is no longer a case for licence fees. There is no point in reducing
them further, and they should be abolished entirely. The rationale for maintaining the tax on commercial broadcasters has been entirely eroded. We could drop the fees to a lower level—that is true; that would potentially be an option. Nonetheless, it would constitute the maintenance of a tax that really is no longer justified at all. That is item No. 1 in the broader package of reforms.

The second very important measure is spectrum pricing. The new spectrum price for television and radio is to be set at a total of around $40 million. The first spectrum payment is to be paid in the 2017-18 year. Unlike broadcast licence fees, the spectrum fee is not paid on revenue. Rather, the price takes account of the type of transmitter that is used and the amount and the type of spectrum that is used and its location. It is a very similar approach that applies to other spectrum users. Overall, the vast majority of broadcasters will pay considerably less in spectrum fees than they currently pay in licence fees, an announcement that has been met with enthusiasm from the industry. The fee relief will enable broadcasters to better compete with their online competitors, invest in their businesses and produce greater Australian content. However, there are a small number of broadcasters that will face a small net increase overall in the charges. The government’s intention is to support those broadcasters to ensure that they are no worse off, by providing a five-year transitional support package.

Broadcasting licence fees are just one of the many taxes that are imposed on Australian broadcasters. This particular tax was implemented at a time when broadcasters held that very privileged position in the content market, and, just as the broadcasters no longer hold that position, the ongoing imposition of this additional tax really cannot be justified. There is absolutely no rationale any more for broadcasting licence fees if broadcasters are not earning those excessive economic returns. Their new competitors, such as Netflix and YouTube, do not pay them at all. Importantly, many commercial broadcasters, particularly radio broadcasters, are very, very small businesses. There are currently 274 commercial radio broadcasting licensees in Australia. Many of these operate at only the local level and they serve a very, very important role, delivering news and entertainment to the thousands of communities across Australia. Finally, Australia’s commercial broadcasters provide Australian audiences with free access to truly iconic and cultural sporting events, to news, to current affairs and to high-quality entertainment. It is very important, therefore, that our regulatory frameworks do not impede the ability of Australian businesses to continue to fulfil this very, very important role.

The way the spectrum fees are set is at a level that far better reflects the value of that spectrum. The fees will, of course, vary depending on the kind of transmitter that is used and the location of that transmitter.

Senator Ian Macdonald interjecting—

Senator HUME: It is very late. The approach is the same as many other spectrum users.

Senator Duniam: It is a great speech.

Senator HUME: It is; it is fantastic. I have been working on it for hours! There are some broadcasters, as I mentioned earlier, who will be worse off under these changes. The vast majority will be better off, but there will be a few that are worse off. The government recognises that it can take time for businesses to transition to this new fee model—especially if their revenues have been low.
Senator McKenzie interjecting—

Senator HUME: Senator McKenzie, wait until I get to regional and rural transmitters.

Senator McKenzie: I can't wait! I hope there's time!

Senator HUME: I will be on that in a moment. The transitional support package will ensure that broadcasters are no worse off as a result of those changes. It gives broadcasters certainty for the next five years that their fees to government will not increase, and gives them time to review their operations.

Regional Australia—I can see Senator McKenzie is jumping out of her seat wanting to know how these changes in this reform package will affect regional Australia. As I told you, the vast majority of broadcasters are better off. You should know, Senator McKenzie, that, as with other spectrum users, one of the things that has been factored into the pricing is location. Of course regional and rural providers will not suffer under this transition, you will be very pleased to know.

There are so many other things that I am going to talk about in my next 2½ minutes. One of the things I should tell you about—

Senator McKenzie: Tell us!

Senator HUME: I should yes—is digital radio and community broadcasters, because that is obviously very important. The pricing structure does not apply to those groups. The national and community broadcasters, they were not paying existing broadcast licence fees, so obviously to oppose a spectrum fee would be—

Senator O'Sullivan interjecting—

Senator HUME: I could start again if you like, Senator O'Sullivan. You missed the first part, and it was excellent. To impose a spectrum fee on those broadcasters would obviously be unfair; it would increase their fees, if they were not paying them already. While commercial digital radio providers do pay some broadcast licensing fees, the government is not proposing the imposition of a spectrum fee on this type of service at this stage.

In the two minutes that I have left, I could probably go into the restrictions on gambling advertising. This is a particularly exciting area of reform. The coalition has taken the opportunity to provide a community dividend from these broadcasting reforms. We are responding to the widespread community concerns about the prevalence of gambling advertising during live sporting events, which ratings data indicates are very popular with children and with young audiences. This will prevent young viewers being bombarded with gambling advertisements during live sport. There is a safe zone—it is called a 'safe zone' now—platform for children watching live sport, and it will be very straightforward for families to observe. That applies up to 8.30 pm, but it does not necessarily mean that viewers will be bombarded after 8.30 pm.

The PRESIDENT: A point of order, Senator Williams?

Senator Williams: Mr President, this is such a good speech, could I move an extension of time for Senator Hume?

The PRESIDENT: That is not a point of order. At the end of the speech, you could seek leave to do so, Senator Williams, but it is not a point of order. Senator Hume, you have the call.
Senator HUME: I have so much more to say about this. I will just reiterate a few points about how important the history of broadcasting is to the great state of Victoria. I do not know whether I told you at the very beginning that radio actually started in Victoria at Queenscliff with the Marconi company and that the first television broadcast in Australia was also in Melbourne in the 1920s and that it was, in fact, Robert Menzies, another great Victorian, who introduced television broadcasting to Australia in 1956 in response to the Melbourne Summer Olympics, also held in Melbourne.

Senator Williams: Do you want an extension?

Senator HUME: No, I do not need an extension. This is fantastic, and I commend the bill to the Senate.

(Extension of time granted)

I cannot tell you how thrilled I am to continue on.

The PRESIDENT: Point of order, Senator McAllister.

Senator McAllister: I would like to indicate that I do understand that Senator Hume may choose not to take all of the extension that has been granted.

The PRESIDENT: That is absolutely correct. It is to a maximum of 10 minutes, Senator Hume.

Senator HUME: I am just going to say one extraordinarily important thing: this is a very, very important reform. The strength and the viability of the Australian media voices can only be enhanced by allowing the industry more options for how it configures itself. This legislation, which will give effect to the government's very comprehensive reform package, has been introduced by the eminently capable Minister for Communications, Senator Fifield, a great Victorian. This is the time to step up. It is now time for the parliament to come together. We can all come together here and now to support this package as a whole and give Australian media organisations a fighting chance.

Senator McGrath (Queensland—Assistant Minister to the Prime Minister) (00:37): I do not know how I can follow on from such a fantastic effort. I have 19 minutes and 53 seconds. Not only is it about 20 to one in the Senate, but for those listening at home—and I want them to visualise this—and I want them to visualise this—what is surprising and very interesting about tonight is that there are a lot of senators in this chamber. Normally, when you speak late at night when you have the open-ended adjournment, there will be just a couple of senators in the chamber. One or two may have wandered in by accident. But tonight there is a huge crowd of senators in the chamber.

With your indulgence, Mr President, I would like to pay tribute while I can to Senator Back—and it is not just because he gave me his microwave, which I am very grateful for. I got the microwave, so I am very happy about that. Senator Back, you will be missed. Your wit and your wisdom will be missed.

But I am here tonight to talk about the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017.

Senator Ian Macdonald: Well, get on with it.

Senator McGrath: I will, Senator Macdonald; I will get on with that. But before I get onto it, I just want to tell a story. A couple of weeks ago I was driving down from Longreach
through to Charleville and I stopped in a little town called Blackall. And this is where media reform is very interesting. In Blackall there is a little newspaper called *The Barcoo Independent*.

**Senator Back:** Is that the outer Barcoo?

**Senator McGrath:** I do not know whether it is the outer Barcoo or the inner Barcoo, Senator Back! *The Barcoo Independent* is a weekly newspaper and it costs $2. I know that we are talking about broadcasting media reform, but what is interesting is that this newspaper was asking for people to donate reams of paper. A community newspaper privately owned—not a News Limited paper or anything like that—was finding it so hard to operate in a small country town in Queensland that it was asking members of the community to donate reams of A3 paper to help it put out its publication each week. On a much lower level, that shows what we are trying to achieve here with the Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017—and that is to make sure that our media organisations continue to survive, continue to be diverse and continue to provide a service to consumers in Australia who desire to have information, shows and products through the media organisations so they can be better informed. If we do not support this bill, what will happen is that in five or 10 years' time—and we can see it already with Channel 10—we will be passing around the collection bucket, just like *The Barcoo Independent* is doing, to make sure our media organisations can be sustainable and continue to operate and provide a service to the Australian people.

The Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017 forms part of a historic package of media reforms that Minister Fifield, along with the Prime Minister, announced back in May this year that will improve the sustainability of our free-to-air broadcasting sector. Another bill that forms part of the package is the Commercial Broadcasting (Tax) Bill 2017. This bill comprises the following measures. It reforms outdated media regulations contained in the Broadcasting Services Act 1992 to better reflect the contemporary digital media environment. This includes repealing the 75 per cent audience reach rural and the 'two out of three' cross-media control rule. It will introduce some additional local programming obligations under the Broadcasting Services Act for regional commercial television broadcasting licensees where, as a result of a change in control, their licences becomes part of a group of commercial television licences whose combined licence area populations exceed 75 per cent of the Australian population. There will be amendments to the anti-siphoning scheme under the Broadcasting Services Act and the anti-siphoning notice. It will permanently abolish annual television and radio licence fees and datacasting charges payable by commercial broadcasters and will remove apparatus taxes payable by commercial broadcasters. It will establish tax collection assessment arrangements for the new interim transmitter licence tax and establish a statutory review of new tax arrangements in 2021, consistent with the broader review of spectrum pricing that is underway.

**Senator Brandis interjecting**—

**Senator McGrath:** Senator Brandis is telling me to put some passion into it.

**The President:** Ignore the interjections.

**Senator McGrath:** So, it will establish a transitional support payment for 19 commercial broadcasters to ensure that there is no commercial broadcaster that will be worse
off during the first five years as a result of the transition from a revenue based licence fee and charge arrangement to a new interim transmitter licence tax arrangement.

Before I go into further detail I would like to say that these reforms demonstrate that the government is listening to community concerns about gambling advertising and will act to protect children while at the same time fostering a vibrant, competitive and sustainable media industry. These reforms that are before the Senate this evening enjoy the unanimous support of Australia's media industry. If you know anything about our media industry—and a lot of people tonight have expressed how much they do know about Australia's media industry—it is interesting that the fact that the industry has come together with unanimous support for this package shows that this is a good thing, because they are diverse: we have the big players, the small players; we have those that target different markets. So it is very, very important to listen to the industry in terms of what the industry understands is in the best interests of the long-term survival and viability of the Australian media industry.

Free-to-air broadcasters play an important role in providing access to high-quality Australian content such as sporting events, current affairs, drama and children's programs, and they provide that to all Australians. However, they are operating in an increasingly challenging environment due to the entry of online service providers. Audiences now have viewing opportunities across more platforms than ever before. What we have to understand, especially for those people who are listening at home, whether you are sitting around the wireless or you are out on the tractor or wherever you may be—

Senator Ian Macdonald interjecting—

Senator McGrath: Well, there could be some late cane harvesting happening, Senator Macdonald—very late cane harvesting—although it would be very surprising if that was happening. But there has not been a serious reform of Australia's media really since the internet exploded onto the scene in Australia. That is a very important point, because the internet can be an unregulated market, in a way, and it has had a massive disruptive effect on our free-to-air broadcasters. This bill today is trying to achieve reform in this industry that can ensure that the industry continues to thrive and, unlike The Barcoo Independent, will not be calling for people to provide reams of A3 paper.

Audiences are becoming increasingly fragmented, and advertising revenue for commercial broadcasters is falling as competition in the sector increases. Our broadcasting and content reform package will modernise regulation and help position the sector to deal with these existing and future challenges more effectively. The key elements of this package include the abolition of the broadcasting licence fees for television and radio, allowing broadcasters to better compete with better media platforms.

This goes back to my earlier point in terms of how the internet and online portals are behaving in such a disruptive manner against the traditional free-to-air broadcasters. It is introducing a price for the use of spectrum by broadcasters that better reflects its use. It will protect Australian children by banning gambling advertising during sports broadcasts in children's viewing hours. This is a very important reform in that one of the many complaints we get on this side of chamber, which we have listened to, is the growth of gambling ads and how people are unhappy that gambling advertising is taking place during sports shows, especially when children are watching sport and are connecting gambling with sport. We want to make sure that children are focusing on the benefits of sport and competition and make sure
they understand that sport is not often about a financial gain; it is about competing and winning.

Amendments will be made to the antisiphoning scheme and there will be a broad-ranging and comprehensive review of Australian and children's content. There will be a $30 million funding package for subscription television, to support the broadcasting of women's sports and niche sports. That is something that we should all encourage. Speaking as a Queenslander, the State of Origin was on last night—

**Senator Ian Macdonald:** More about that! Tell us more!

**Senator McGrath:** The State of Origin was broadcast on free to air, but it is a popular sport, especially in Queensland, in Senator Macdonald's home town of Ayr but also where his office is, in Townsville—which I think, Senator Macdonald, should be renamed Thurstonville to reflect Johnathan Thurston and what a magical person he is and what an all-round decent person he is. But I digress. As important as the major sports like rugby league, netball and soccer are, we have got to look at the niche sports. This is what this package will do, in terms of promoting niche sports. I have been lobbied, for example, in relation to lawn bowls. I would not call lawn bowls a niche sport. I would say it is a mass participation sport. It is very popular up in Queensland, especially in the winter months.

These reforms will ensure the ongoing production of high-quality Australian content. When you think about the quality of some of the programs that have been produced over the years, like The Sullivans or The Flying Doctors and programs like that which reflected the Australia of that particular time but also a changing Australia, you can see that Australia produces some fantastic content for television that is spread around the world. Our television programs are electronic ambassadors for our country in the message that they take to the world. Any of us who has spent any time in the United Kingdom will know that those in the United Kingdom see Australia through the prism of Home and Away and Neighbours and—they do not call it Prisoner; they call it Prisoner: Cell Block H. I think The Sullivans was a great drama. What I am trying to say is: we produce high-quality television programs in this country and we should be proud of that. This package will ensure that we continue to produce high-quality television programs.

This package also acknowledges that the broadcasting sector is facing increasing competition and that measures such as the new gambling advertising restrictions will place pressures on the broadcasters. With these reforms that have been put through Senator Fifield, the government has deliberately gone out and listened to the media industry and asked: what can we do in order to help you survive; what can we do to help you provide jobs for thousands of Australians; what can we do to make sure that your industry not just sustains itself but grows in the decades to come? That is why the government has decided to abolish broadcasting licence fees. There are new restrictions on gambling advertising. As I mentioned earlier, gambling advertising is not popular in the community, especially when children are watching television programs. These new restrictions on gambling advertising should apply to all platforms—free-to-air, subscription and online.

These changes in fees are significant reforms for the broadcasting industry and they build on the media reforms that we have already announced and that are currently before parliament that look to abolish the two-out-of-three rule and the 75 per cent reach rule.
Senator Ian Macdonald: That's very important.

Senator McGrath: It is very important. I want to make the point, Senator Macdonald, that the government would really like to thank the broadcasting sector for engaging with the government in such a constructive and cooperative manner. It is a little disappointing, Mr President, that everyone has stopped listening to me and is watching the person over there. I will continue speaking because I think these bills are very important. I would like to continue to thank the broadcasting sector. This is a significant reform in an area where reform is hard. It has only been possible with the good faith engagement of the broadcasting and media sector. The government is seeking the passage of these bills to implement these reforms. I would like to move to spectrum pricing.

Honourable senators interjecting—

Senator McGrath: If you would like me to wind up now, I am more than happy. If you want me to sit down now, I will commend the bills to the House.

Senator Fifield (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (00:56): I move:

That the debate be now adjourned.

I do so because of the desire of colleagues to conclude the Australian Education Amendment Bill 2017 and also because, on the broadcasting bills before the chamber, a number of crossbench colleagues wish to continue discussions and negotiations with the government and the government also wishes to continue discussions and negotiations with the crossbench. So this is a decision of the government that we are putting to the chamber.

Question agreed to.

Debate adjourned.

Australian Education Amendment Bill 2017

Returned from the House of Representatives

Message received from the House of Representatives agreeing to the amendments requested by the Senate to the bill.

Third Reading

Senator Birmingham (South Australia—Minister for Education and Training) (00:57): I move:

That this bill be now read a third time.

I note that this is a historic opportunity for the parliament to now deliver, once and for all, true needs based funding for Australian schools and to do so fairly and consistently across the nation. The Turnbull government is incredibly proud to present this bill to the chamber.

The PRESIDENT: The question is that the bill be now read a third time.

The Senate divided. [01:02] (The President—Senator Parry)

Ayes ....................34
Noes ....................31
Majority ...............3
AYES

Back, CJ  
Brandis, GH  
Canavan, MJ  
Duniam, J  
Ferravanti-Wells, C  
Georgiou, P  
Griff, S  
Hinch, D  
Kakoschke-Moore, S  
Macdonald, ID  
McKenzie, B  
O'Sullivan, B  
Paterson, J  
Roberts, M  
Ryan, SM  
Seselja, Z  
Williams, JR

Birmingham, SJ  
Bushby, DC (teller)  
Cormann, M  
Fawcett, DJ  
Fifield, MP  
Gichuhi, LM  
Hanson, P  
Hume, J  
Lambie, J  
McGrath, J  
Nash, F  
Parry, S  
Payne, MA  
Ruston, A  
Scullion, NG  
Smith, D  
Xenophon, N

NOES

Bernardi, C  
Cameron, DN  
Collins, JMA  
Di Natale, R  
Gallacher, AM  
Hanson-Young, SC  
Kitching, K  
Ludlam, S  
McCarthy, M  
Moore, CM  
Pratt, LC  
Rice, J  
Singh, LM  
Urquhart, AE  
Watt, M  
Wong, P

Brown, CL  
Chisholm, A  
Dastyari, S  
Farrell, D  
Gallagher, KR  
Ketter, CR  
Lines, S  
McAllister, J (teller)  
McKim, NJ  
O'Neill, DM  
Rhiannon, L  
Siewert, R  
Sterle, G  
Waters, LJ  
Whish-Wilson, PS

PAIRS

Abetz, E  
Burston, B  
Cash, MC  
Reynolds, L  
Sinodinos, A

Dodson, P  
Polley, H  
Marshall, GM  
Bilyk, CL  
Carr, KJ

Question agreed to.
Bill read a third time.
MINISTERIAL STATEMENTS
First Principles Review of Defence

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:05): On behalf of the Minister for Defence, Senator Payne, I table a ministerial statement on the implementation of the First Principles Review of Defence and seek leave to have the statement incorporated in Hansard.

Leave granted.

The statement read as follows—

Over the past two years the implementation of the First Principles Review has helped create a Defence organisation that is far more strategic, far more efficient, and far more effective than the one we inherited when we were elected in 2013.

The First Principles Review was commissioned in August 2014 by my predecessor, David Johnston, to ensure Defence was fit for purpose, able to respond to future challenges and was able to deliver against the Government’s strategy with the minimum resources necessary.

The First Principles Review team, as initially constituted, was chaired by Mr David Peever who was formerly the Managing Director of Rio Tinto. He is also a Non-Executive Director of the Australian Foundation Investment Company and Chairman of Cricket Australia. Other team members included Professor Robert Hill, a former Minister for Defence, Mr Lindsay Tanner, a former Minister for Finance, Professor Peter Leahy, a former Chief of the Army, and Mr Jim McDowell, the Chancellor of the University of South Australia and former Chief Executive of BAE Systems Australia.

When we announced the Review there was much scepticism about another review of Defence; and for good reason. There have been 35 major reviews of Defence since the early 1970s. However because of the frequency of those reviews many of the recommendations were never able to be implemented before the next review was initiated.

This is why the First Principles Review is so important. It is an end-to-end review of Defence that considered structures, systems and processes. Nothing on this scale had been attempted since the creation of the Department in 1976, which involved the amalgamation of the previously separate three armed services with the civilian department.

As the Review stated, while Defence had a strong and proud history of delivering military capability for Australia, the Defence organisation structure at the time was resulting in processes that were complicated, slow and inefficient. The Review did was highly focused in its criticism of Defence:

"Waste, inefficiency and rework are palpable. Defence is suffering from a proliferation of structures, processes and systems with unclear accountabilities. These in turn cause institutionalised waste, delayed decisions, flawed execution, duplication, a change-resistant bureaucracy, over-escalation of issues for decision and low engagement levels amongst employees."\(^1\)

When we came to office in 2013 the challenges for Defence were clear. Defence was faced with delivering "a significant capability modernisation program against a backdrop of strategic uncertainty including, but not limited to: rapid technological change; budget uncertainty; substantial economic growth in our region; and increasing demand for military responses to various regional and expeditionary crises."\(^2\)

In the period since those words were written none of those challenges identified by the First Principles Review team have diminished. If anything, they have only become more pressing.

With the release of the Defence White paper in February last year the Turnbull Government set out its responsible and long-term plan for securing Australia’s national security.
We set out our plans to increase Defence spending to 2 per cent of GDP by 2020-2021 and set out a fully-costed ten year integrated investment program that will create a more capable, agile and potent Australian Defence Force.

This is the capability modernisation program foreshadowed by the First Principles review. These projects must be carefully planned and they require resources – unique skills and expertise – to ensure we are able to deliver the capability our ADF needs to retain its capability edge. That is why we said in the White Paper that successful implementation of the First Principles Review would be critical to realising our plans.

Regionally our strategic environment has become more uncertain over the past four years. As only one example, weeks of fighting in Marawi in the southern Philippines have highlighted the risk the region faces from violent extremists who claim allegiance to the toxic ideology of Daesh.

Concurrently the rapid advances in technology and rise in prosperity across our region have continued unabated.

The First Principles Review, released on 1 April 2015, recommended that Defence needed to become a single, integrated system, not a federation of separate parts. This is One Defence.

There are four key features of the One Defence approach:

- A stronger more strategic centre able to provide clear direction, contestability of decision-making, along with enhanced organisational control of resources and monitoring of organisational performance.
  - The strategic centre comprises key senior leadership positions with clear roles and responsibilities that strengthen accountability and top-level decision making

- An end to end approach for capability development with Capability Managers assigned clear authority and accountability.

- Enablers that are integrated and customer-centric.

- A planned, professional workforce with a strong performance management culture at its core.

Given its strong criticism of the Defence organisation it may have been expected that there would be some resistance to the recommendations contained in the review.

It is very important to note that to the credit of the Defence leadership, in particular the then Secretary Dennis Richardson AO and Chief of the Defence Force Air Chief Marshal Mark Binskin AC, the organisation has worked assiduously to implement the recommendations of the Review.

The review team were subsequently invited to form an Oversight Board, which was supplemented with the addition of Ms Erica Smyth, the Deputy Chair of the Australian Nuclear Science and Technology Organisation, and were tasked with overseeing implementation of the recommendations that we agreed should commence immediately. An Implementation Office was also established within the Department to support the Board, as was an Implementation Committee that has met weekly, chaired by the Secretary.

We have now reached the end of the two year implementation period and very significant progress has been made in delivering on the reforms.

As of today we have implemented 63 of the 75 recommendations of the review. I will focus on some of the detail to illustrate just how these reforms have created a leaner, stronger, more efficient Defence organisation.

A fundamental of the review was to deliver on Government decisions by creating the Capability Life Cycle. The cycle links the early capability concept all the way to its delivery and to its disposal, and greatly simplifies and reduces the time taken for capability decision making. We now have arm’s length
contestability, alignment with strategic direction, earlier and better interaction with external stakeholders, and increased accountability for Capability managers.

A key enabler of the new Capability Life Cycle was the review recommendation to bring the former Defence Materiel Organisation back into Defence, which we did, with the creation of the Capability Acquisition and Sustainment Group.

This one change eliminated the administrative burden of having to manually process 72,000 financial transactions between Defence and the DMO every year.

Defence has also drastically simplified its commercial policies and practices. For example, the Defence Procurement Policy Manual has been reduced from 450 pages to 60 pages.

The number of mandatory procurement requirements we ask of suppliers has been reduced from 290 to 53.

We have also implemented the new Smart Buyer framework for all projects in Capability Acquisition and Sustainment Group, while the Chief Information Officer Group and Estate and Infrastructure are now piloting the program.

This approach enables the tailoring of each project by the accountable Capability Manager to ensure that they are delivered with the optimum risk balance between capability, cost and schedule. Industry best practice tools and techniques are used to execute projects in a way that strikes the optimum balance between performance, time and cost. Importantly, industry is now involved much earlier in the process, recognising the key role it plays as a partner in the delivery of Defence capability.

Not only is this simplification making it easier and more efficient for industry to engage with Defence, but it is also making it much simpler for Government.

Prior to the FPR the average submission to government totalled 70 pages, took 16 weeks to move through the cabinet preparation process and took an average of 46 months – that is almost four years – to move from first pass initiation to second pass approval.

Implementation of the First Principles Review recommendations has resulted in the average government submission reducing to less than 20 pages, taking 6 weeks for the cabinet preparation process and in some instances taking less than 12 months to progress from first to second pass.

- In fact the Government has approved 63 Defence submissions this financial year, close to double the previous highest number.
- And next financial year is shaping up as an even busier one for Defence with around 80 submissions due for Government consideration.

This of course strongly reflects the Government’s unequivocal commitment to our Defence White Paper, Integrated Investment Program and Defence Industry Policy Statement initiatives across air, land and sea platforms, across the enablers and in fact across Defence.

It would have been impossible without the FPR reforms that we have delivered.

These changes have enabled Defence to progress far more submissions than it has previously, resulting in more efficient delivery of capability. This enables us to deliver the hardware our personnel need to carry out their mission effectively.

Improving the delivery and management of capability acquisition is only one part of the reforms of Defence this Government has driven.

We have created a much stronger strategic centre for Defence and strengthened accountability in support of more effective and efficient enterprise-level decision-making.

We have done this by clarifying the roles and responsibilities at the most senior levels of the Department
Legislative changes were made to the *Defence Act 1903* to formally identify the role of the Chief of the Defence Force and Vice Chief of the Defence Force.

The individual and joint responsibilities of the Secretary and the Chief of the Defence Force were clearly described in a ministerial joint directive.

The role of Service Chiefs as capability managers was strengthened, clarifying their responsibility for identifying, developing and delivering Defence’s capability needs.

Role charters for all members of the senior leadership group have been established, setting out individual and shared accountability, decision rights and agreed leadership behaviours.

These clearer responsibilities have meant the number of committees chaired by senior members of defence has been slashed from 72 to 35, ensuring the Defence executive spends less time meeting, and more time doing.

Another key feature of creating a stronger strategic centre has been the formation of the new integrated Australian Defence Force Headquarters. The stand-up of the headquarters began in April this year, and the model establishes a strategy-led and integrated approach to the development of advice and managing the ADF. To mitigate any single service approaches to ADF capabilities, VCDF has been appointed as the Joint Force Authority, and a new Chief of Joint Capabilities will be established in the next fortnight. The new headquarters is ultimately improving the quality of advice and decision making in Defence.

The review also focussed on improving accountability via specific behaviours. Based on the implementation of several related recommendations Defence has established a culture of personal accountability to drive high performance, foster talent, and effectively manage underperformance.

We have amended Senior Executive Service performance agreements, which now measure individual performance by both outcomes achieved and the demonstration of One Defence Leadership Behaviours in the delivery of those outcomes. Defence is also providing stronger support and coaching to managers and supervisors. A key element of this is having a formal definition of ‘good people management’ in the context of the One Defence Leadership behaviours, which is embedded in occupational profiles and recruitment processes.

These changes have resulted in a common understanding of performance and behavioural standards, and what is expected when managing people. This ultimately increases accountability, fosters a strong performance culture and enhances productivity.

These are just some examples from many reforms of the Defence organisation made as part of the FPR over the past two years.

The future of the First Principles Review

Implementing the Review has been one of the largest organisational change programs in the country and has both national and international significance.

The process followed to deliver the change serves as a valuable example of successfully managing a large scale reform program.

While significant reform has been achieved since implementation began in mid 2015, critical work remains to ensure the full extent of change is realised.

The challenge for Defence and Government now is to ensure we embed the cultural change so that it is routine business and to ensure that the organisation does not revert to its old systems and behaviours. We need to pass the point of no return.

To ensure these changes are fully realised the government will extend the oversight board for another year to provide the necessary guidance and expertise to Defence and Government.
The remaining work will require perseverance and strong leadership, but I am confident given the commitment I have seen from all involved – from the Prime Minister, the oversight board to the senior leadership in Defence – that the One Defence model will be embedded for the future.

**Conclusion**

Over the past two years we have laid the necessary foundations to enable Defence to continually improve towards the One Defence model.

The Defence organisation of 2017 is a significantly more agile and efficient organisation than the one of 2015, that is better able to support Government decision making and deliver on its operational requirements.

This has not happened by chance. It is the result of the Coalition government recognising a clear problem, initiating a comprehensive review and then driving that change with the clear support of the Oversight board and Defence leadership.

I thank the strong leadership within the department, led by the former Secretary, Dennis Richardson, the Acting Secretary, Brendan Sargeant, and the Chief of the Defence Force, Air Chief Marshal Mark Binskin.

Their unwavering and steadfast leadership has been essential in delivering these reforms. I also acknowledge and thank David Peever and the Oversight Board for ensuring Defence remained on track in implementing the First Principles Review the way it was intended.

Finally, I would like to thank the personnel, uniformed and APS, within Defence who have worked tirelessly to deliver these reforms on a day to day basis.

The Turnbull Government has helped deliver a Defence organisation that is more strategic, more efficient and more engaged; that can create the future ADF that we envisaged in the 2016 Defence White Paper and respond to a dynamic strategic environment.

**DOCUMENTS**

- Leadbeater’s Possum
- Defence Properties
- Live Animal Exports
- Australian Education Amendment Bill 2017

**BUDGET**

**Consideration by Estimates Committees**

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (01:05): Pursuant to order, I present the report of the Education and Employment Legislation Committee on the 2017-18 budget estimates together with the *Hansard* report of proceedings and documents presented to the committee.

Ordered that the report be printed.
COMMITTEES

Appropriations, Staffing and Security—Standing Committee
Broadcasting of Parliamentary Proceedings—Joint Statutory Committee
Economics References Committee
Education and Employment References Committee
Finance and Public Administration References Committee
Foreign Affairs, Defence and Trade Joint Standing Committee
Foreign Affairs, Defence and Trade Legislation Committee
Foreign Affairs, Defence and Trade References Committee
Legal and Constitutional Affairs References Committee
Select Committee on Lending to Primary Production Customers
  Joint Standing Committee on Migration
Parliamentary Library—Joint Standing Committee
  Publications—Standing Committee
Royal Commission into Institutional Responses to Child Sexual Abuse—Joint Select Committee
Rural and Regional Affairs and Transport Legislation Committee
Rural and Regional Affairs and Transport References Committee
Joint Standing Committee on Trade and Investment Growth
Joint Standing Committee on Treaties

Membership

The PRESIDENT (01:06): I have received a letter requesting changes to the membership of committees.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:06): by leave—I move:

That senators be discharged from and appointed to committees in accordance with the document circulated in the chamber.

Appropriations, Staffing and Security—Standing Committee—
  Discharged—Senator Back
  Appointed—Senator Smith

Broadcasting of Parliamentary Proceedings—Joint Statutory Committee—
  Appointed—Senator Farrell

Economics References Committee—
  Appointed—
  Substitute member: Senator Rice to replace Senator Xenophon for the committee's inquiry into toll roads
  Participating member: Senator Xenophon
Education and Employment References Committee—
  Appointed—
  Substitute member: Senator Rhiannon to replace Senator Hanson-Young for the committee's inquiry into penalty rates and the provisions of the Fair Work Amendment (Pay Protection) Bill 2017
  Participating member: Senator Hanson-Young

Finance and Public Administration References Committee—
  Appointed—
  Substitute members: Senators Dodson and McCarthy to replace Senators Kitching and Singh for the committee's inquiry into the Community Development Program
  Participating members: Senators Kitching and Singh

Foreign Affairs, Defence and Trade—Joint Standing Committee—
  Discharged—Senator Back
  Appointed—Senator Smith

Foreign Affairs, Defence and Trade Legislation Committee—
  Discharged—Senator Back
  Appointed—Senator McKenzie
  Participating member: Senator Back

Foreign Affairs, Defence and Trade References Committee—
  Discharged—Senator Back
  Participating member: Senator Back
  Appointed—Senator McKenzie
  Participating member: Senator Back

Legal and Constitutional Affairs References Committee—
  Discharged—Senator Dodson
  Participating member: Senator Kitching
  Appointed—Senator Kitching
  Participating member: Senator Dodson

Lending to Primary Production Customers—Select Committee—
  Discharged—Senator Back
  Participating member: Senator Smith
  Appointed—Senator Smith
  Participating member: Senator Back

Migration—Joint Standing Committee—
  Discharged—Senator Back
  Appointed—Senator Reynolds

Parliamentary Library—Joint Standing Committee—
  Discharged—Senator Back
  Appointed—Senator Williams

Publications—Standing Committee—
Discharged—Senator Back  
Appointed—Senator Bushby  

**Royal Commission into Institutional Responses to Child Sexual Abuse—Joint Select Committee**—  
Appointed—Senators Duniam, Moore and Siewert  
Participating members: Senators Di Natale, Hanson-Young, Ludlam, McKim, Rhiannon, Rice, Waters and Whish-Wilson  

**Rural and Regional Affairs and Transport Legislation and References Committees**—  
Discharged—Senator Back  
Participating member: Senator Bushby  
Appointed—Senator Bushby  
Participating member: Senator Back  

**Trade and Investment Growth—Joint Standing Committee**—  
Discharged—Senator Bushby  
Appointed—Senator Hume  

**Treaties—Joint Standing Committee**—  
Discharged—Senator Back  
Appointed—Senator Bushby  

Question agreed to.

**BILLS**

**National Disability Insurance Scheme Amendment (Quality and Safeguards Commission and Other Measures) Bill 2017**

**First Reading**  
Bill received from the House of Representatives.  

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:07): 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 FIFIELD** (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:07): 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—*  
The *National Disability Insurance Scheme Amendment (Quality and Safeguards Commission and Other Measures) Bill 2017* establishes the NDIS Quality and Safeguards Commission for full scheme
NDIS. The Commission will deliver on the Government's commitment to establish nationally consistent quality assurance mechanisms and safeguards for NDIS participants.

The Bill also makes administrative amendments to ensure the efficient and effective operation of the NDIS, resulting from an independent review of the Act in 2015, as required by the Act and supported by COAG.

The NDIS is one of the largest social and economic policy reforms in Australian history. At full scheme, an estimated 460,000 participants will receive supports from thousands of NDIS providers.

The NDIS represents a dramatic shift from services delivered under largely block-funded contractual relationships between providers and primarily state and territory governments, to one where people with a disability purchase and consume services from providers.

The Government has been fully committed to the NDIS from day one. We are bringing forward this Bill to establish a new Commission to oversee quality and safeguards at full implementation of the NDIS. The Commission will:

- Register NDIS providers and oversee provider quality
- Respond to complaints and manage reportable incidents such as the abuse and neglect of a participant
- Provide leadership to reduce and eliminate the use of restrictive practices in the NDIS. The definition within the Bill of a restrictive practice is *any practice or intervention that has the effect of restricting the rights or freedom of movement of a person with disability.*
- Lead the overall design and broad policy settings for nationally consistent NDIS worker screening.

The Bill seeks to balance appropriate protections that meet governments' duty of care obligations, with enabling participants to take reasonable risks in pursuit of their goals. The Commission will support a strong and viable market for disability services that offers people with disability genuine choice and control.

In February 2017, the Disability Reform Council released the NDIS Quality and Safeguarding Framework. The Framework was developed in consultation with people with disability, carers, providers and peak bodies over a three-year period. It outlines the ongoing commitment of all jurisdictions to quality and safeguards for people with disability.

A series of recent inquiries and reports have documented the weaknesses of the current safeguarding arrangements for disability services, many of which result from a disconnection between quality assurance and oversight regulatory functions. These inquiries include the Senate Inquiry into violence, abuse and neglect against people with a disability in institutional and residential settings, Victorian government inquiries, and the Royal Commission into Institutional Responses to Child Sexual Abuse. These inquiries found failures to uncover, report and respond to abuse, and inadequate national screening of workers. They called for nationally consistent provider accreditation and the use of positive behaviour support strategies to reduce challenging behaviours instead of using restrictive practices.

This Bill establishes the Commonwealth's regulatory responsibilities under the NDIS Quality and Safeguarding Framework and in large part forms the basis of the Government's response to the Senate Inquiry.

The new arrangements replace a complex and fragmented system of quality and safeguards in each state and territory, delivering a nationally consistent approach.

The Commission will uphold the rights of people with disability, as part of Australia's commitment to the UN Convention, through the exercise of its registration and regulatory functions. Article 11 of the UN Convention provides that all necessary measures must be taken to ensure the protection and safety of people with disability.
of people with disability in situations of risk. Article 16 requires that people with disability be protected from exploitation, violence and abuse.

The Commission will be led by a Commissioner who will be a statutory office holder and staffed by members of the Australian Public Service. The Commission will operate with up to 300 staff, at a total cost of $209 million over four years.

The Bill establishes the Commission in the National Disability Insurance Scheme Act 2013 (the Act). The existing objects and principles of the Act will underpin and inform the Commission's regulatory activities. An additional object has been included to provide the specific focus required of this Commission — "to protect and prevent people with disability from experiencing harm arising from poor or unsafe supports or services under the NDIS".

In support of the Commission's registration functions, the Bill provides the power to mandate types of supports considered higher risk which can only be delivered by a registered NDIS provider.

The Bill includes a power to issue NDIS Practice Standards benchmarking expectations relating to the quality of support delivery, participants' rights, the management of organisational and operational risk, continuous improvement, legal obligations and workforce management. The registration system requires providers delivering higher risk supports to obtain third-party quality certification against the Practice Standards and providers delivering lower-risk supports to undergo a 'lighter touch' verification process.

Registered NDIS providers will be required to notify the Commission of certain reportable incidents, and comply with all registration conditions and the NDIS Code of Conduct. Establishing the expectations and obligations for NDIS providers will contribute to fostering high-quality and safe supports and services.

The Bill requires registered NDIS providers to maintain complaints and incident management systems in accordance with requirements to be detailed in the rules. It further establishes the Commission's complaints function, which will receive, manage and respond to complaints about NDIS providers and workers. The Commission will provide information about the complaints process to people with disability and also provide information to providers, on best practice complaints handling. The Commission will support people with disability to be heard and provide protections from victimisation should they make a complaint.

The Commission will have extensive compliance and enforcement powers under this Bill, commensurate to the vulnerability of some participants within the NDIS. Monitoring and investigation powers will allow matters to be pursued whether they originate from suspected breaches of registration conditions, the NDIS Code of Conduct, reportable incidents or complaints. Operating as an independent statutory body with integrated functions and powers, the Commission will be a fit-for-purpose, evidence-based, responsive regulator.

Integral to responsive regulation is the ability to monitor changes in the market using data it collects in the course of its regulatory activities. The Bill establishes a market oversight function which will draw on information gathered across the Commission's functions. It will identify provider practice indicating emerging risk and that may contribute to provider failure and unplanned service withdrawal.

Information gathering and sharing provisions within the Bill will support the Commission to work with other regulators and state and territory governments to identify and collect regulatory intelligence.

The Bill provides the Commission with a broad policy design responsibility, including determining scope, information to be considered and a decision-making framework. The states and territories will be responsible for operating worker screening for the NDIS.

The Bill sets out the role of the Commission in providing national oversight and policy settings in relation to promoting strategies to reduce challenging behaviours, and monitoring the use of restrictive practices within the NDIS.
Under the Commission a restrictive practice will only be used as a last resort. It must form part of a behaviour support plan which includes positive behaviour support strategies and which has been developed by a registered behaviour support practitioner. Restrictive practices must also be authorised by the state or territory in which the participant resides.

The Bill provides for the orderly transfer of providers from existing state and territory regulatory environments as each jurisdiction reaches full scheme. The Commission will be established in early 2018 and commence operations in New South Wales and South Australia in July 2018; and in remaining states and territories, except Western Australia, in July 2019. In Western Australia, it will operate from 2020, subject to final negotiations. NDIS participants will continue to be covered by state and territory quality and safeguards systems until the new Commission is in place at full scheme.

This Bill also amends the NDIS Act in response to an independent review of the operation of the Act. The review, required by section 208 of the Act, considered the operation of the Act in supporting the scheme, and whether any changes were necessary for that purpose. The amendments in Schedule 2 to this Bill were recommended by the review and are supported by COAG in its response to the review recommendations. The amendments are administrative and focus on ensuring the effective operation of the legislation.

For example, the amendments expand on the general supports which can be provided to people with disability under the scheme, to support the implementation of the Information, Linkages and Capacity Building element of the scheme.

The amendments provide clarification of some elements of Act, for example how the disability requirements apply to people with chronic health conditions; how a person with lived experience of disability can become a member of the NDIA Board; and how the NDIA gathers information on people who may be eligible for support under the NDIS.

The Turnbull Government will continue to work with NDIS participants and the disability sector to deliver a fully-funded, high-quality NDIS. This Bill represents a significant step forward in protections for people with disability, their families and carers. We will continue to consult with stakeholders to establish nationally consistent expectations for the conduct of providers, the training and screening of their workers and the quality of supports and services that they deliver under the NDIS.

Debate adjourned.

Treasury Laws Amendment (2017 Enterprise Incentives No. 1) Bill 2017
First Reading

Bill received from the House of Representatives.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:08): 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 FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:08): 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—

On 7 December 2015, the Government announced a package of measures designed to incentivise and reward innovation as part of its National Innovation and Science Agenda, which is driving the smart ideas that create business growth, local jobs and global success.

The measures in this Bill are part of that agenda.

These measures will improve the tax system for businesses, so that they can grow and create jobs. The measures in this Bill support businesses by:

- increasing access to past year company losses by relaxing the 'same business' test; and
- improving the effective life assessment on intellectual property such as patents, and other depreciating intangible assets.

The introduction of these measures follows legislation already introduced to provide tax incentives for angel investors and provide new arrangements for venture capital investment. These measures continue the delivery of the National Innovation and Science Agenda announced in the 2015-16 MYEFO.

With these measures we are better aligning the corporate tax system with a culture of business investment and development to allow Australian businesses to grow and become more productive.

I will now turn to the specifics of the Bill.

Schedule 1 to this Bill amends the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936 to more readily allow companies and some trusts with past year losses to use these losses as a tax deduction against current year profits.

Under current law, where a company has had a majority change in ownership, tax losses made in previous years cannot be claimed as a deduction against current year profits unless the company is conducting the 'same business' test.

Under the 'same business test', these deductions are denied if the company has entered into any new transactions, or earned any income from new business activities.

Second reading speech I Treasury Laws Amendment (2017 Enterprise Incentives No. 1) Bill 2017

Interpretation of this test has been strict. Very minimal change in business operations is allowed before these valuable past year loss deductions are lost to the entity. This can stifle innovation and entrepreneurship.

It can have particularly severe impacts on start-up companies. In the start-up phase, when developing new processes, products or technologies, it is common for businesses to make losses through expenditure on research and development.

Following that development stage, in order to fully commercialise these new technologies, equity investors are often needed to provide extra equity funding to ensure the viability of the business. This may necessitate a change in ownership.

These entities may discover that there are new and innovative uses for their technologies that they had not previously considered. The strict operation of the same business test can constrain these businesses from exploiting these opportunities, for fear that they would lose access to what would be very substantial deductions.

In other circumstances, for businesses which are not performing well, and are consistently making losses, the same business test can deter them from making the changes to their business which could return them to profitability.
The new 'similar business test' introduced by this Bill will address these concerns, and support entrepreneurship and innovation.

This 'similar' test will be an easier test to meet, allowing businesses to make some changes to their businesses and operations to take advantage of emerging opportunities and create more efficient structures.

In addition, the removal of the tests which prevent businesses earning income from new activities and operations will give entities much greater freedom to explore innovative uses of their products and to adapt to changes in the business environment.

In this way, this measure strongly supports an innovative culture, encouraging agile, adaptable businesses in the modern economy.

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

Schedule 2 of this Bill amends the *Income Tax Assessment Act 1997* to provide taxpayers with the choice to self-assess the effective life of intellectual property, and other depreciable intangible assets they start to hold, on or after 1 July 2016.

The intangible assets to which this choice applies are:

- intellectual property, which includes patents, registered designs and copyrights, or the licences to these;
- other licences, including spectrum and datacasting transmitter licences;
- rights to telecommunication cable systems and telecommunications site access; and
- in-house software.

In keeping with the treatment of tangible assets, the new law also allows the taxpayer to re-calculate the effective life in later income years if the effective life the taxpayer has been using is no longer accurate because of changed circumstances relating to the nature of the asset's use.

The taxpayer must re-calculate the effective life of the asset if the cost of the asset increases by at least 10 per cent in a later income year.

In the income year that the taxpayer begins to hold the asset, the taxpayer must re-calculate the effective life of the asset if the taxpayer is using an effective life because of the associate or same user rule and the asset's cost increased after the taxpayer started to hold it by at least 10 per cent.

Currently, the law mandates the effective life to be used in calculating the decline in value for depreciable intangible assets. This statutory effective life may not reflect the period of time that the assets provide economic benefits to the taxpayer.

By introducing self-assessment, this measure will better align the taxation treatment of those assets with the actual period of time that the assets provide economic benefits.

This better alignment of the economic life and the taxation life will decrease the cost of acquisition of these assets, encouraging their transfer between businesses to better exploit and commercialise them.

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

Debate adjourned.

**Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Bill 2017**

*First Reading*

Bill received from the House of Representatives.

**Senator FIFIELD** (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:08): 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 FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:08): I move:
That this bill be now read a second time.

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

Leave granted.
The speech read as follows—

This Bill amends the Corporations Act 2001 to improve Australia's corporate insolvency system.

Firstly, it will create a 'safe harbour' for honest and diligent company directors from personal liability for insolvent trading if they are pursuing a restructure outside formal insolvency.

Secondly, 'ipso facto' clauses, which may allow the termination or variation of contracts based on a company's financial position or the commencement of certain insolvency proceedings, will become unenforceable during and after certain formal insolvency procedures.

Our current insolvent trading laws put too much focus on stigmatising and penalising failure. As part of the National Innovation and Science Agenda, these reforms aim to promote entrepreneurship and innovation to drive business growth, local jobs and global success.

The threat of Australia's insolvent trading laws, combined with uncertainty over the precise moment a company becomes insolvent have long been criticised as driving directors to seek voluntary administration even in circumstances where the company may be viable in the longer term. Concerns over inadvertent breaches of insolvent trading laws are frequently cited as a reason that early stage (angel) investors and professional directors are reluctant to become involved in a start-up.

Broadly, the safe harbour and ipso facto measures encourage Australians to take a risk, leave behind the fear of failure and be more innovative and ambitious. More often than not, entrepreneurs will fail several times before they experience success and will generally learn valuable lessons during the process. Helping these entrepreneurs to succeed requires a cultural shift.

The amendments in Part 1 of this Bill create a safe harbour for company directors from personal liability for insolvent trading if the company is undertaking a restructure outside formal insolvency. This will drive cultural change among company directors by encouraging them to keep control of their company, engage early with possible insolvency and take reasonable risks to facilitate the company's recovery instead of simply placing the company prematurely into voluntary administration or liquidation.

An 'ipso facto' clause is a provision that allows one party to terminate or modify the operation of a contract upon the occurrence of some specific event, regardless of otherwise continued performance of the counterparty. The operation of these clauses can reduce the scope for a successful restructure or prevent the sale of the business as a going concern.

The amendments in Part 2 of this Bill will make certain contractual rights unenforceable while a company is restructuring under certain formal insolvency processes.

This reform is aimed at enabling businesses to continue to trade in order to recover from an insolvency event instead of these clauses preventing their successful rehabilitation.
Together, these amendments will reduce instances of a company proceeding to a formal insolvency process prematurely. Where companies do enter into particular formal insolvency procedures, they will have a better chance of being turned around or of preserving value for creditors and shareholders. This in turn will promote the preservation of enterprise value for companies, their employees and creditors, reduce the stigma of failure associated with insolvency and encourage a culture of entrepreneurship and innovation.

Full details of the measure are contained in the Explanatory Memorandum.

Debate adjourned.

Interactive Gambling Amendment Bill 2016
Consideration of House of Representatives Message
Message received from the House of Representatives informing the Senate that the House has disagreed to the amendments made by the Senate but has made amendments in place of those amendments and requests the reconsideration of the bill in respect of the amendments disagreed to and the concurrence of the Senate in the amendments made by the House.

Ordered that consideration of the message in Committee of the Whole be made an order of the day for the next day of sitting.

Health Insurance Amendment (National Rural Health Commissioner) Bill 2017
Treasury Laws Amendment (GST Low Value Goods) Bill 2017
Returned from the House of Representatives

Message received from the House of Representatives agreeing to the amendments made by the Senate to the bills.

COMMITTEES
Royal Commission into Institutional Responses to Child Sexual Abuse
Appointment

The PRESIDENT (01:10): A message has been received from the House of Representatives informing the Senate that the House concurs in the resolution of the Senate relating to the establishment of a joint select committee on oversight of the implementation of redress related recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse.

BILLS
ASIC Supervisory Cost Recovery Levy Bill 2017
ASIC Supervisory Cost Recovery Levy (Collection) Bill 2017
ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Bill 2017
Social Services Legislation Amendment (Energy Assistance Payment and Pensioner Concession Card) Bill 2017
Therapeutic Goods Amendment (2016 Measures No. 1) Bill 2016

Assent

Messages from the Governor-General reported informing the Senate of assent to the bills.
ADJOURNMENT

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:11): I move:

That the Senate, at its rising, adjourn till Tuesday, 8 August 2017, at 12.30 pm, or such other time as may be fixed by the President or, in the event of the President being unavailable, by the Deputy President, and that the time of meeting so determined shall be notified to each senator.

Question agreed to.

BUSINESS

Leave of Absence

Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (01:11): I move:

That leave of absence be granted to every member of the Senate from the end of the sitting today to the day on which the Senate next meets.

Question agreed to.

Senate adjourned at 01:11 (Friday)

DOCUMENTS

Order for the Production of Documents

Documents were tabled pursuant to the order of the Senate.

Leadbeater’s Possum—Order agreed to on 14 June 2017—Letter to the President of the Senate from the Minister for Education and Training (Senator Birmingham), dated 16 June 2017, responding to the order, and attachment.

Maribyrnong Defence site—Order agreed to on 14 June 2017—Letter from the Minister for Defence (Senator Payne) to the Clerk of the Senate (Mr Pye), dated 20 June 2017, responding to the order and raising public interest immunity claims, and attachments.

Live export of equine animals—Order agreed to on 14 June 2017—Letter to the President of the Senate from the Minister for Resources and Northern Australia (Senator Canavan), dated 21 June 2017, responding to the order.

Australian Education Amendment Bill 2017—Order agreed to on 20 June 2017—Letter to the President of the Senate from the Minister for Education and Training (Senator Birmingham), dated 20 June 2017, responding to the order.
COMMITTEES
Privileges Committee
Report

The response referred to on page 4770 read as follows—

Appendix 1
Mr Jamie Ware, Redlands College
Pursuant to Resolution 5(7) (b) of the Senate of 25 February 1988
Reply to speech by Senator Derryn Hinch
(8 November 2016)

I wish to bring to your attention a speech by Senator Derryn Hinch on November 8, 2016, that included false accusations against our College board and chairman. We wish to correct the record in order to protect the excellent reputation of our school and we also wish to express our disappointment that a senator is willing to use parliamentary privilege to spread false accusations without first checking the facts of the matter.

We acknowledge that these allegations were mentioned in the Senate several months ago. We are responding now because the timing of his speech coincided with the end of the school year and just prior to two months of school holidays.

The facts of this matter are very different from the sensational claims made by Senator Hinch based on misinformation given to him by one parent, which he refers to as "my informant".

Here are the facts:

- The teacher tendered his resignation in June 2015, effective at the end of that year. He requested and took long service leave for Term 4 of 2015. The processes by which he resigned and sought leave are the same processes available to all staff.
- Police brought the allegations to our attention in November 2015, after the teacher had left the College.
- The teacher's employment was immediately terminated on receipt of the information from the Queensland Police Service and his original leave and resignation negated.
- The school contacted the Queensland College of Teachers with information as provided by the Police. The teacher's resignation was cancelled by the Queensland College of Teachers.
- Student safety - The Police advised that the allegations were external to the College and in no way connected with College activities. Based on their investigations, the Police advised us that no incidents of misconduct occurred at Redlands College, and that no other students or staff were involved. Throughout the process we cooperated fully with the Queensland Police Service. We take the safety of all children very seriously.
- Protection of the victim's identity - We wanted to notify our College community but were specifically and regularly directed by the Queensland Police Service not to make this matter public as it would compromise the victim's right to privacy. We also sought independent legal advice as to whether we could inform our community. The advice we received was consistent with instructions from the Police. I trust you understand that we are required to comply with State authorities and act according to their instructions.

As you can see, Redlands College acted appropriately throughout this process and was directed by police at all times. The reality is vastly different from what was presented by Senator Hinch to the Senate, who - while we admire and share his passion to stand against child sexual abuse - made no effort to check the facts and was incorrect in his summary of events. His careless and inaccurate words have defamed our board chair, caused great distress to the Redlands College community (including other students), and damaged the reputation of the excellent teaching and executive staff at our school.

We ask for the record to be corrected and the appropriate response - including an apology – to be provided by the senator to the Senate.