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SITTING DAYS—2011

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FORTY-THIRD PARLIAMENT
FIRST SESSION—FOURTH PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

Senate Officeholders
President—Senator Hon. John Joseph Hogg
Deputy President and Chair of Committees—Senator Stephen Shane Parry
Temporary Chairs of Committees—Senators Thomas Mark Bishop, Suzanne Kay Boyce, Helen Lloyd Coonan, Patricia Margaret Crossin, Mary Jo Fisher, Helen Evelyn Kroger, Scott Ludlam, Gavin Mark Marshall, Claire Mary Moore and Louise Clare Pratt
Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Opposition in the Senate—Senator Hon. George Henry Brandis SC
Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Mitchell Peter Fifield

Senate Party Leaders and Whips
Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party of Australia—Senator Hon. George Henry Brandis SC
Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of the Nationals—Senator Fiona Nash
Leader of the Australian Greens—Senator Robert James Brown
Deputy Leader of the Australian Greens—Senator Christine Anne Milne
Chief Government Whip—Senator Anne McEwen
Deputy Government Whips—Senators Carol Louise Brown and Helen Beatrice Polley
Chief Opposition Whip—Senator Helen Kroger
Deputy Opposition Whips—Senators Judith Anne Adams and David Christopher Bushby
The Nationals Whip—Senator John Reginald Williams
Australian Greens Whip—Senator Rachel Mary Siewert

Printed by authority of the Senate
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<th>Senator</th>
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(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

**PARTY ABBREVIATIONS**


**Heads of Parliamentary Departments**

Clerk of the Senate—R Laing
Clerk of the House of Representatives—B Wright
Secretary, Department of Parliamentary Services—A Thompson
## GILLARD MINISTRY

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<tr>
<td>Prime Minister</td>
<td>Hon. Julia Gillard MP</td>
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<tr>
<td>Deputy Prime Minister, Treasurer</td>
<td>Hon. Wayne Swan MP</td>
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<tr>
<td>Minister for Regional Australia, Regional Development and Local Government</td>
<td>Hon. Simon Crean MP</td>
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<tr>
<td>Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate</td>
<td>Senator Hon. Chris Evans</td>
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<tr>
<td>Minister for School Education, Early Childhood and Youth</td>
<td>Hon. Peter Garrett AM, MP</td>
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<tr>
<td>Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate</td>
<td>Senator Hon. Stephen Conroy</td>
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<tr>
<td>Minister for Foreign Affairs</td>
<td>Hon. Kevin Rudd MP</td>
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<tr>
<td>Minister for Trade</td>
<td>Hon. Dr Craig Emerson MP</td>
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<tr>
<td>Minister for Defence and Deputy Leader of the House</td>
<td>Hon. Stephen Smith MP</td>
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<td>Hon. Chris Bowen MP</td>
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<tr>
<td>Minister for Infrastructure and Transport and Leader of the House</td>
<td>Hon. Anthony Albanese MP</td>
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<tr>
<td>Minister for Health and Ageing</td>
<td>Hon. Nicola Roxon MP</td>
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<tr>
<td>Minister for Families, Housing, Community Services and Indigenous Affairs</td>
<td>Hon. Jenny Macklin MP</td>
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<tr>
<td>Minister for Sustainability, Environment, Water, Population and Communities</td>
<td>Hon. Tony Burke MP</td>
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<tr>
<td>Attorney-General and Vice President of the Executive Council</td>
<td>Hon. Robert McClelland MP</td>
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<td>Minister for Agriculture, Fisheries and Forestry and Manager of Government Business in the Senate</td>
<td>Senator Hon. Joe Ludwig</td>
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<td>Minister for Resources and Energy and Minister for Tourism</td>
<td>Hon. Martin Ferguson AM, MP</td>
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<tr>
<td>Minister for Climate Change and Energy Efficiency</td>
<td>Hon. Greg Combet AM, MP</td>
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[The above ministers constitute the cabinet]
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<td>Minister for Social Inclusion</td>
<td>Hon. Tanya Plibersek MP</td>
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<tr>
<td>Minister for Privacy and Freedom of Information</td>
<td>Hon. Brendan O'Connor MP</td>
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<tr>
<td>Minister for Sport</td>
<td>Senator Hon. Mark Arbib</td>
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<tr>
<td>Special Minister of State for the Public Service and Integrity</td>
<td>Hon. Gary Gray AO, MP</td>
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<tr>
<td>Assistant Treasurer and Minister for Financial Services and Superannuation</td>
<td>Hon. Bill Shorten MP</td>
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<tr>
<td>Minister for Employment Participation and Childcare</td>
<td>Hon. Kate Ellis MP</td>
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<td>Minister for Indigenous Employment and Economic Development</td>
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<td>Hon. Warren Snowdon MP</td>
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<tr>
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<td>Hon. Jason Clare MP</td>
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<td>Cabinet Secretary</td>
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<td>Parliamentary Secretary to the Prime Minister</td>
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<td>Minister Assisting the Prime Minister on Digital Productivity</td>
<td>Senator Hon. Stephen Conroy</td>
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<tr>
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<td>Hon. Justine Elliot MP</td>
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<td>Parliamentary Secretary for Health and Ageing</td>
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Monday, 22 August 2011

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

BILLS
Carbon Credits (Carbon Farming Initiative) Bill 2011
Carbon Credits (Consequential Amendments) Bill 2011
Australian National Registry of Emissions Units Bill 2011

In Committee
Debate resumed.

CARBON CREDITS (CARBON FARMING INITIATIVE) BILL 2011

The CHAIRMAN: The committee is considering the Carbon Credits (Carbon Farming Initiative) Bill 2011, as amended, and amendments (4) and (1) to (3) on sheet 7129 revised moved by Senator Xenophon, also on behalf of Senator Birmingham. The question is that the amendments be agreed to.

Senator XENOPHON (South Australia) (10:01): I would like to hear from the government in relation to this but my understanding is that there have been extensive discussions between the government and the key stakeholders. There was a concern that early adopters for landfill management would be penalised. I am very grateful for the work of Senator Milne in bringing the parties together to reach a sensible compromise so that there will be certainty for early adopters. I have not had an opportunity to speak to my colleague Senator Birmingham, with whom I moved this amendment. If the government could indicate, firstly, that progress has been made and, secondly, that it is satisfactory to the two key stakeholders, LMS and EDL, that could be quite satisfactory. In the meantime, I am obligated to discuss this with my colleague Senator Birmingham.

Senator BIRMINGHAM (South Australia) (10:03): We are picking up from the debate on Friday in relation to this amendment for the landfill gas sector. I have done one better than to speak with Senator Xenophon. I have had the fortune this morning of speaking with Evelyn Ek from his office, who from time to time provides great guidance to many of us in this place on serious issues. Let us remind ourselves that this is an amendment which Senator Xenophon and the coalition have pursued to ensure the landfill gas sector is protected from any perverse or adverse outcomes under this legislation. It is a big issue. We are talking about more than 4,500 million tonnes of CO₂ equivalent gases that were recovered or destroyed in 2009 from waste in landfills. Many of those projects could be at risk or at threat of discontinuance should we get this legislation wrong or should the government get the implementation of this legislation wrong. We want to make sure that that outcome is avoided.

I join with Senator Xenophon in thanking Senator Milne for her initial support of the issues raised and ensuring that industry was able to engage in some discussions with the government. It is equally my understanding, having spoken to some of the industry players as well as Ms Ek, that the industry has had further discussions with government, that there is an agreed pathway forward for how the methodology and the time line will be developed and the base lines that will be considered as part of that process.

We want as many guarantees and as much information on the record as the minister is able to provide as to what the guarantees provided to industry are. I posed some
questions to the minister on Thursday about how he thought he could achieve the timing that Senator Milne had alluded to and that he had alluded to in the debate on Thursday. If he could for the benefit of the chamber and the record provide us with the detail of the time line for discussions with industry and finalisation of the methodology, the approach that is going to be applied to the base line in this regard and the government's understanding of what this will mean for the existing projects, that would certainly assist us in hopefully proceeding with this debate, dealing with this amendment and, most importantly, providing certainty for early adopters and early movers who have invested significantly and done so much to reduce the amount of greenhouse gas that comes off landfill gas facilities.

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:07): People have been very busy working on this issue over the ensuing period since we last met on Thursday. I think that all within the chamber see this as an important matter that does need to be resolved.

From the government's perspective, we have released a revised draft methodology to the landfill technical working group that includes standardised baselines for GGAS and greenhouse-friendly landfill projects. Landfill companies have indicated that they support the proposed approach. That is what I indicated on Thursday—that is, going back and working through the draft methodologies and then going to the independent assessor, which, to all intents and purposes, we now refer to as DOIC, for those who are interested in acronyms. The government will continue to work with the industry to implement the methodology following its assessment by the DOIC.

Let us be clear that what we now have is a draft methodology for the capture and combustion of methane in landfill gas, and the companies have indicated that they support the proposed approach, which is to take the draft methodology, move it into assessment by the DOIC and, then, following that assessment, the independent assessor will make the decision in relation to it to establish those issues, including the baseline. So it effectively means that the integrity of the system is maintained and the legislation continues to provide a framework that has integrity that continues to deliver for all areas, including this one, which we have now proposed a way forward with.

Senator BIRMINGHAM (South Australia) (10:09): I thank the minister for the information and his response. Certainly, the landfill gas sector have said to me, and I am sure they have said it to Senator Xenophon as well, that they are eager to ensure that the integrity and equity of the system is maintained, as well. But they also want to make sure that there is as much certainty for them as possible.

I pose two areas of questioning, first in relation to the draft methodology that is being finalised and will be presented to the DOIC. Is there an understanding of how that will approach the baseline figures and, if so, how is it going to approach those? Are you able to inform the chamber of that? If you are not able to inform the chamber perhaps you could tell us why you are unable to do so. Secondly—this is a matter I raised on Thursday—in regard to timing I understand that there is an expectation that the finalisation of the independent assessment should all be done within the space of about a month. I think you, Minister, alluded to that on Thursday. Is that your understanding?
Perhaps to educate me, if not anybody else, could you inform the Senate how it is possible that that timeline is going to be met in such a short period of time. Is the DOIC already operational, notwithstanding the fact that it appears to have its rules and mandate laid out within this legislation? Is there a process already underway to ensure that those timelines to provide certainty can in fact be met?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:12): Dealing with the timeline, we do expect it to be dealt with in the one month. Why? Because the government has established an interim process—that is, the DOIC—that is in place. One of the issues you raised last Thursday was that you imagined—hypothetically—that it would take a lot longer. What I did not have an opportunity to tell you at the time was that there is in fact a DOIC in place. So, all of the work that you, hypothetically, envisaged had to be done is done. There is an interim DOIC in place and the draft methodology has been prepared and is ready for the interim DOIC to assess in a very short space of time. So all of that work is in train and can be done in a matter of a very short space of time—less than a month, I am advised, and probably sooner, depending of course on people’s work commitments. But it is expected within that period and that is why we were confident in making that original assessment.

The draft methodology includes a standardised baseline of 30 per cent of projects transitioning from GGAS and zero for projects transitioning from greenhouse-friendly. In addition to that the draft methodology contains the baselines for both GGAS and for greenhouse-friendly projects as well. This means it is now likely to go to the interim DOIC within the month. Therefore, depending on how long the interim DOIC takes, we do not expect it to take particularly long. We are confident that the landfill sector can have confidence in the process.

Senator BIRMINGHAM (South Australia) (10:14): I appreciate the minister’s explanation and response to those two questions. I have one just one subsequent question that flows from the minister outlining the establishment of the interim DOIC and the manner in which the interim DOIC will work. When this legislation is enacted and the permanent DOIC is established, as against the interim DOIC, will that permanent body equally have to review all of the determinations of methodologies that the interim body has ticked off? If so, what guarantees are there for industries which think they have certainty once it has been ticked off by an interim body that the permanent body may not undo that? Is it expected that the memberships of the two will be consistent, or what guarantees are there? Obviously the minister is turning to a page of the bill which may well address that very question. Could the minister make sure for the benefit of completeness on the record and certainty for this industry sector, given the government’s commitments, that this is dealt with as quickly as possible—certainly in less than a month, which is important to the industry—so that the industry does not see serious negative financial consequences? What certainty or guarantee is there for them as this issue progresses beyond the interim stage and into the permanent stage?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:16): Yes, you have correctly identified the bill in my hand. At 131,
'Transitional—pre-commencement application for endorsement of proposal’ the bill contemplated that there would be an interim DOIC in place and how we would then deal with transitional arrangements. Effectively that section means that a person applies to the interim offsets integrity committee for the endorsement of a proposal or a methodology determination and the committee either endorses the proposal or refuses to endorse the proposal—avoid doubt. Then 132 deals with pre-commencement endorsement of proposal and indicates how each is to be effectively dealt with. Then, as you are aware, the methodologies are disallowable instruments. So once they are set in train, the short answer is that they are flipped over into the new DOIC as methodologies that will be picked up—that is the easiest way to explain it. That allows all of that work to commence prior to the establishment of the permanent DOIC and to be utilised and continue in operation.

Senator BIRMINGHAM (South Australia) (10:17): Minister, thank you for humouring me and ensuring that all of that detail is clearly on the record. I want to indicate that, following discussions with Senator Xenophon, it is our intention to withdraw this amendment. Having spoken to the industry sectors involved and having got the information on the record from the minister this morning, we are of the belief that the government is intending to do the right thing by this industry. I want to make it clear once again that the last thing we want to see is a perverse outcome where projects that were early movers in the abatement of greenhouse gas emissions are somehow penalised, where projects that were early movers are facing a situation of financial disadvantage or where projects that were early movers in fact close down and we have the perverse situation that a bill designed to encourage further abatement and new abatement activities has the consequence of causing early abatement activities to cease to operate.

The industry is taking the government at their word that this process will avoid that outcome and will provide appropriate certainty for the sector. I hope that is the case. We are placing that trust in the government rather than the chamber seeking to exercise its will. We are placing that trust in the process of this legislation. We hope that that trust is not ultimately proven to be misplaced. Once again, we emphasise that this was an issue highlighted by the Senate inquiry. It is a shame that it has taken until this last moment of the legislative debate to solidify a pathway forward on it to ensure that there is some level of certainty for the sector. Hopefully, this is the end of the uncertainty and that they are able to proceed within the month knowing exactly where they stand. Hopefully, that will ensure that the projects, especially the many regional projects in the landfill gas sector, are able to continue and to be supported by this scheme, just as they were previously under a greenhouse-friendly arrangement or the New South Wales government's GGAS scheme.

I again place on the record my thanks to Senator Xenophon for his work with the coalition on this matter, to industry for making sure that we all had this matter brought to our attention and to the Greens and the government for trying to come up with an appropriate resolution. We hope that this resolution sticks and works for the benefit of industry. We will certainly be watching very closely from here.

I seek leave to withdraw the amendments.

Leave granted.

Senator XENOPHON (South Australia) (10:22): by leave—I move amendments (3) and (4), standing in my name on sheet 7118, together:
(3) Clause 56, page 81 (line 19), after "Act", insert "and subject to subsection (1A)".

(4) Clause 56, page 81 (after line 21), after subclause (1), insert:

(1A) Notwithstanding subsection (1), if a project:

(a) was established as, or as part of, a managed investment scheme; or

(b) is determined by the Minister, on the advice of the Domestic Offsets Integrity Committee, to have an adverse impact on:

(i) the availability of water; or

(ii) land and resource access for agricultural production;

the project is deemed to be an excluded offsets project.

(1B) A determination under paragraph (1A)(b) is a disallowable instrument for the purposes of the Legislative Instruments Act 2003.

(1C) In this section:

managed investment scheme has the same meaning as in section 9 of the Corporations Act 2001.

I remind my colleagues that the position with this is that the government was to provide details of the risk management principles and guidelines. I am grateful to the government for providing those. This is AS/NZS ISO 31000:2009 Risk management—Principles and guidelines. My question to the government is that, on the face of looking at these risk management guidelines, I do not understand how it will work in the context of this amendment, which relates to the negative list, and setting out criteria for a project that will have an adverse impact on the availability of water or on agricultural production. How does the government envisage that these guidelines, which, with annexures, run into some 23 pages, will work? For instance, on page 17, item 5.4.2, which is headed 'Risk identification', states:

The organization should identify sources of risk, areas of impacts, events (including changes in circumstances) and their causes and their potential consequences.

I have a genuine question. What on earth does that mean in the context of how the government proposes these risk management guidelines will operate?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:24): I think we are in fact all in screaming agreement. What you are proposing concerns doing it project by project, which would create unnecessary work and would, I think, also slow the process down and create a logjam. We are proposing types of projects. The reason we use that is so that you can characterise them all within a group and in doing so allow those types to be proceeded with in the process of maintaining the integrity of the process—that is, the ability for methodologies to come forward and be independently assessed and then put in place.

The real difference between us here is between projects and types of projects. The reason we use the ISO code is that it allows DOIC to have a way for everyone to understand that the way they do their assessment is in accordance with accepted practice—that is, ISO guidelines. This means that there is integrity in the system and that integrity is underpinned by the independence of the DOIC, as well. All of this means that projects that come forward will be assessed with methodologies under the type they fit within. So there is a broad ability for people interested in particular types of projects to know that they have got certainty. Using as an example the one we have just been talking about—the draft methodology for the capture and combustion of methane in landfill gas—the draft methodology is broader than an individual project. It is the type that fits
within it, the type being the capture and combustion of methane in landfill gas. That is the breadth of it. It then provides the draft methodologies we would use and the issues that we have been talking about, including how it would apply. But it is not an individual project. It is not one company saying, 'Here is one landfill. This is the project we want.' This means that all of those firms that deal with the combustion of methane in landfill gas have certainty that once that methodology is independently assessed and approved by DOIC any similar project coming forward will fit within that framework. Therefore they have certainty. They also then have the ability to utilise the scheme and they do not have to come up, as individual projects, and go through the whole issue again, which would cause both unnecessary cost and delays.

Senator XENOPHON (South Australia) (10:28): Perhaps we could look at it in another way, and I appreciate the spirit in which the minister answered the question. I think the issue is this—and this is a question I posed on 16 August in this place—how will it be assessed whether a project reduces the production of a particular type of food or grain in a particular area? How does the government take these matters into account? The government is saying that they agree that these are important matters, but that this is not the way to do it. The government is saying, 'Don't assess this on an individual basis.' But I ask for an assurance about how the methodology would be irrelevant. I am still not sure how it would apply and that is why I will still maintain this amendment.

I am not sure what the coalition's point of view is in respect of this amendment. But I would have thought that if there were to be an adverse impact on the use of water and on fruit production that would place it clearly in the negative list. I do not want to prolong this debate unnecessarily. If the government could explain what assurances they can give in the context of these risk management guidelines about how the methodologies would be individually assessed and what level of transparency and scrutiny there will be, then I guess we can get on and vote on this particular amendment. I am concerned that we are not giving the priority that is required to water security and food production.

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:30): Perhaps you will forgive me for using an example. One type of weed in one paddock might be a threat to food production. One project is to eliminate that weed in that paddock. It may or may not be a threat to food production. It may be specifically a threat to that farm's food production, but when you look broadly at all the arable land, if that weed is only in that one paddock, it is not a threat because it is one weed in one paddock. If you aggregate that you can say: 'This weed in many paddocks across all the arable land might be a material risk. Therefore we need to address it.' I am trying to describe that as I understand it, is individuals, whereas I am talking about types—a type of weed aggregated across. In other words, that is the only way you can assess whether or not it has an impact. That is a poor way of trying to make it concrete.

The challenge always is that—forgive this analogy—if you look within the weeds, you will not see the bigger picture. The bigger picture is the aggregation across this area. That is why we use types. A type of weed
may not be a material risk to food production, but the aggregation of that—in other words, a significant number—then may be. I am trying to use a different way of explaining it to you to give you some confidence that this is the way forward, not the way that you have sought to put in your amendment. I am trying to show why we have chosen the path that we have chosen, why we have confidence in the way the negative list will work and why you cannot use individual circumstances. Each of them on their own may not actually amount to a material risk, whereas if you aggregate it and look at the type it may in fact do that. I will pause there and see if we can progress it.

Senator BIRMINGHAM (South Australia) (10:34): In the earlier debate on this amendment before we postponed it, I indicated that the opposition is sympathetic to the issues that Senator Xenophon is attempting to address with this amendment and that we are inclined to support this amendment. That position has not changed in the days that have followed or as a result of the advice that the minister has given. I understand the point the minister is attempting to make in terms of the differentiation between kinds or types of projects and broad criteria and the potential of this amendment to capture and require analysis of specific projects. However, the types of projects that are likely to flow from this bill are of course going to have very specific effects and impacts in very different areas as they are applied right across the country, especially when it comes to water availability or agricultural production. We spent quite a period of time debating another amendment that had been championed by the opposition in relation to providing some security over land access for agricultural production. We think that in this regard it is important that we do not allow a system where loopholes in broader regulations can be exploited by specific projects. Whether they are exploited deliberately or otherwise, the potential is there for these specific projects to potentially have an adverse impact on water or agricultural production even under the type of regulations that the government is proposing under the existing section. Indeed, we have seen it in those draft regulations and in the earlier debates on the amendment about land access for agricultural production. I expressed quite strongly and passionately at that stage the concern that the government appeared to be treating land access for agricultural production as a side issue. The government appeared to not take into account the amendment that has now been
made to insert new subclause 56(2)(e) to provide for consideration of land access for agricultural production. The government appeared to have no intention to revise the regulations relating to the negative list to reflect any guidelines in that regard.

I understand that there are challenges in preparing guidelines for that such as: what is your prime agricultural land and how do you go about defining it? These are issues the minister has to tackle in a number of different areas. But in this regard we think there is value in Senator Xenophon's amendments, which provide the potential for some case-by-case scrutiny and provide the potential for projects that may sneak through the types of project regulations to be addressed under a specific project-by-project regulatory approach.

To that end, we are supportive of these amendments. They may not be perfect. The challenge with any legislation is whether or not we can make it perfect. However, as is so often the case—and will probably be the case with this bill—I am sure that, whether this amendment passes or otherwise, the bill will be back before us in a year or two so we can tidy up things that have problems in the way they operate. If this clause were to have such problems then I am sure it will be addressed equally. It is possible that by not passing this clause, we will find in a couple of years that we are back, perhaps inserting something like this to provide greater discretion and greater powers to the minister to disallow certain projects or put them on the negative list.

I think it is important for the government to take this matter seriously. As I said, I understand the arguments the minister has made. But we think, as Senator Xenophon has outlined, that there is a continuing risk at the end of this process that if the bill passes in its current form we may see projects proceed that have an adverse impact on water availability, or we may see projects proceed that have an adverse impact on agricultural production. They may be one-off projects, but those one-offs add up to create a problem. It is that type of adverse impact and inadvertent consequence of a bill like this that we want to make sure is avoided. That is why we are inclined to support and will be supporting these amendments.

We urge the government, if these amendments fail, to once again take a good look at the regulations it is proposing, to once again take a good look at that draft and, particularly, to once again revise that draft with regard to the new clause, 56(2)(e), which was inserted the other day; it does at least provide for some consideration of any adverse impact in regard to land access for agricultural production. I urge the government to take a look at that again and be particularly mindful of what the stakeholders have to say during consultation on this. I am accepting the likely political reality that this amendment will fail, but I hope the government at least takes into consideration the principles that this amendment is seeking to pursue. If it will not do that, then I urge the government to make the regulations for the negative list as tough and as stringent as possible. That is what is absolutely important—to make sure that the credibility of this system and the credibility of the assurances the government has given to farmers and to all those stakeholders in the industry stack up and are seen through. With that, I again thank Senator Xenophon for proposing these amendments and once again indicate the opposition's intention to support them.
couple of words about the amendments, but before I do that I want to raise a couple of issues that came up in this debate last Wednesday, I think it was.

I must say, Senator Ludwig is an important person! I have just been out to the rally at the front of Parliament House, and his name is being mentioned quite a lot out there. I might also say, though, that his name is not being mentioned very favourably. A lot of the people out there are the sorts of people who are now in desperate straits because of the government's bungling of the live cattle exports issue. I suspect that some of these people have spent their last pennies to come down and make their views known here in Canberra.

It is very sobering, and quite moving and emotional, to see all these people, some of whom have driven trucks 2½ to 3,000 kilometres. One of the speakers was just saying to the crowd that he gets about two kilometres to the litre of fuel in one of his big trucks. You can imagine what it has cost him to come 2½ thousand kilometres—money he does not have. He is from the north west. The whole of the north of Australia—rural Northern Australia—are struggling because of the live cattle ban. They are in absolutely desperate straits. We are going to see the bankruptcies come in the not-too-distant future. These people are making a last-ditch effort to try and make their government listen on things like live cattle exports and, more importantly, on things like the carbon tax. Out there, there are a lot of trucks, a lot of truckies. If Senator Sterle were in the chamber he would agree with me on this. There are people who understand that their livelihoods are about to be destroyed by the carbon tax brought in by this government whose leader promised us just a year ago that there would be no carbon tax under a government she led. And here we are a year later with these people.

It is quite emotional to be out there. They are making a last-ditch effort to come down and try and make people in this building, this government, understand just how they are hurting and how the decisions of this government have impacted so badly on ordinary Australians. I would hope, Minister, that you would have the courage and perhaps the time to go out and speak with these people, because the more you interacted with them the more you would understand the hurt that you have caused by a stupid decision, a poorly thought-through decision made on the balance of what you thought was a political opinion from GetUp! and the left-wing parties around the world. Your original decision was correct, Minister, but why you changed we in this parliament know: because you were done over by the left of your party and the Greens and the GetUp! group and some of the unions.

But I have distracted myself from the debate before the chamber. On Wednesday, Minister, I was making a plea again on behalf of some northern agricultural people. I was asking you about the banana industry, which your carbon tax will have a very heavy impact upon because they use a lot of electricity in their coldrooms and ripening rooms and they use a lot of fuel in bringing bananas, a bulky product, from Tully down to Sydney and Melbourne. I was saying that they are really getting it in the neck. I asked you, you might recall, whether this Carbon Farming Initiative that we are debating would perhaps give them something back. You assured me, yes, it will be good for them.

Coincidentally, a couple of banana growers, in fact a couple of horticulture growers, from my state of Queensland—and your state of Queensland too, of course—have been in touch with me and they say that this Carbon Farming Initiative is not going to help the horticultural industry one iota. They
rightly point out that if you have a banana farm of 100 hectares, to take 20 per cent of that farm and put on trees for under the Carbon Farming Initiative will mean that that is 20 per cent fewer bananas they can grow and so their income would fall by far more than they might ever achieve from this Carbon Farming Initiative bill and the good things that are supposed to come from it. I am a bit naive. I said: 'But if you are growing banana trees, isn't that like growing trees? Won't that help, won't that qualify?' I am told no, that banana trees are business as usual and if you are growing things in a business as usual style you will not be able to take advantage of anything this bill might make available to you. So the information you gave me on Wednesday is quite wrong, unless some of the facts that I have mentioned are not correct, in which case I am sure you would take the opportunity of the debate today to tell me that the banana industry can in fact get some positive outcome from this Carbon Farming Initiative.

Also on Wednesday I asked you about whether all of those graziers, those cattle owners up in the north of Australia, many of them Indigenous people, I might say, Indigenous enterprises, might be able to get some advantage from this Carbon Farming Initiative. That is problematic as well. I am told by some of the people I was speaking to earlier today that a lot of them could reduce some of their costs in their cattle farming operations if they were able to plant some sorghum, some silage crops, and feed their cattle. But as you know, Minister, thanks to your Labor Party colleagues in the Queensland state government, you cannot chop a tree down. I know you, Madam Acting Deputy President, have been up that way and have seen trees everywhere across the north of Australia. They are not allowed to chop one of them down. So the opportunity of reducing their costs to try and make their industries a bit more viable is taken away from them.

I have just mentioned a couple of things, but if you walk outside there are about 5,000 people outside trying to make your government understand the hurt that is being imposed upon the people of rural and regional and remote Australia. I do hope you are able to spend some time with those people today, Minister. I thought you were fairly courageous in going to Mount Isa to address angry farmers not long after you made those silly decisions. I am told from people who were there that, whilst you at least had the courage and courtesy to go there, you did not answer any questions. People kept wanting to ask you things, wanting to get answers from you at those meetings, but they got absolutely nothing. I understand the mayor of Carpentaria Shire, Fred Pascoe—a very competent and able mayor; a very quietly sounding sort of fellow who never gets excited—was asking the minister a lot of questions which, again, he gave the politician's answer to. The minister never answered the question. But Mr Pascoe kept coming back to you and saying, 'That was all very well, Minister, but could you please answer the question.' I understand that everyone went away disappointed.

This is happening right around Australia. In front of Parliament House today there are some timber workers from Tasmania. The timber industry used to be one of Australia's greatest industries. If any of you have been to Tasmania, you will know that there are millions and millions of old growth forest trees in that state. Thanks to the Greens, there is no industry in that state anymore. There is no way in the world you could interfere with the sustainability of the Tasmanian forests. Hundreds and hundreds of workers are now without a job. Those sort of people are out the front protesting. These
are hardworking, decent, genuine Australians. They are not after a government handout—all they want is the right to work in what has been, for as long as Australia has been going, a very sustainable industry, the timber industry, particularly in Tasmania. There are some Tasmanian senators here. As Senator Milne would know, some of these forests have been logged for over 150 years. But they are the forests that the Greens go and put a placard in, saying, 'Save these virgin native forests.' Those forests were cut down 120 years ago and have regrown. That is why this industry is so sustainable.

This is relevant to the debate before the chamber because in certain instances land in Tasmania could be used for the Carbon Farming Initiative. I raise the matter in the context of the hurt around Australia that is demonstrated out the front of this building as I speak. That hurt will get worse when the Gillard Labor government brings in the carbon tax. I can talk about the carbon tax, because the Carbon Farming Initiative bill is one of a suite of bills that we will be dealing with in this chamber this year concerning the carbon tax that will be imposed upon Australians—that tax that just a year ago the Labor leader, Julia Gillard, promised hand on heart she would not be doing anything on climate change until there was consensus. Do you remember that? A year ago there was consensus—99 per cent of the candidates standing for election a year ago promised that there would be no carbon tax. What more consensus can you get than that—99 per cent of all candidates promised there would be no carbon tax. Yet here we are, just a year later, dealing with this bill which is part of a suite of bills to introduce this toxic tax that is going to destroy even more Australians and which those many thousands of people out the front of this Parliament House at this very moment are expressing their concern about.

Unfortunately I have cut myself short of time to actually address the amendment. As Senator Birmingham says, we will support it. (Time expired)

The TEMPORARY CHAIRMAN (Senator Moore): The question before the chair is that amendments (3) and (4) on sheet 7118 moved by Senator Xenophon be agreed to. A division having been called, I remind honourable senators that divisions cannot take place before 12.30 pm on Mondays. The debate is adjourned accordingly.

Senator XENOPHON (South Australia) (10:58): by leave—I move amendments (8) and (9) together:

(8) Clause 76, page 101 (line 11), omit "5 years", substitute "3 years".

(9) Clause 76, page 101 (line 24), omit "5 years", substitute "3 years".

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CHAMBER
These amendments reduce the offsets reporting period maximum from five years to three years. Currently there is a period of 12 months to three years. There is a concern that a five-year period is too long. I can indicate that I will not be seeking to divide on these amendments but I would like an explanation from the government about the upper limit of five years and whether it acknowledges concerns about having such a long period. I think three years would constrain the offsets reporting period to what some would consider a more reasonable period, rather than five years.

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (10:59): What it would do, as you have correctly identified, is shorten the maximum reporting period. But a five-year maximum reporting period provides flexibility. For example, it avoids reporting costs at the beginning or end of a project when forest growth rates are slow. So what you would be doing is having three years creating churn. Five years provides that flexibility. The scheme integrity continues to be maintained because credits are only issued after abatement has been achieved, therefore the scheme continues with integrity. Five years is the appropriate period. It gives certainty, it gives flexibility within that period and it ensures that credits are only issued after abatement has been achieved. What it does not do, given what yours does, is create a greater churn in that period. In other words, what you do is you add to administrative cost.

Senator BIRMINGHAM (South Australia) (11:01): Temporary Chairman Cameron, I am not sure I have had the pleasure of noticing you in the chair before. It will be a great temptation to many people in this place to test the will of the chair, I suspect, whilst you are there. But I will not be one of those. I congratulate you on your ascendancy to this very significant office.

The TEMPORARY CHAIRMAN (Senator Cameron): Senator Birmingham, this will be more a pleasure than a test.

Senator BIRMINGHAM: I am sure that it will at times be both and that you will exercise the office with the aplomb to which we are so accustomed. In regard to this amendment moved by Senator Xenophon to the reporting requirements within this bill, the opposition are not inclined to support this particular amendment. I think we probably share some of the concerns that the minister has just outlined. In regard to the eligible offset projects that we are talking about, a period of reporting for them of between 12 months and five years is probably an appropriate time line. Whilst five years has the potential to be a long period of time, equally, in regard to the establishment of and the progress of these sorts of projects, it is not necessarily an inordinate period of time. It is going to be a matter of balance. Different projects will have different time lines which it will be most appropriate for them to meet, but obviously where it is possible and sensible for projects to meet a five-year time line then that is probably wise. The well-established projects may need fairly minimal work to make their reports. It is going to be argued in either direction whether they should report more often or less often, but well-established projects probably need less oversight and checking once they are well established and their credentials have been acknowledged. So we think that shortening, in a sense, the mandatory reporting period to less than three years would not aid the efficient running and efficient management of this scheme and as a result we would join with the government in
thinking that the five-year time line is appropriate to maintain.

**Senator XENOPHON** (South Australia) (11:04): It would be remiss of me if I do not mention that I welcome you to the chair, Acting Temporary Chairman Cameron. I am confident that, whilst you are in the position that you are in, this place will not degenerate into a rabble. As to this matter, I think it is a genuine concern. Let us see how this goes in terms of the five-year period. I accept what the government and the opposition have said. I think we need to monitor this in terms of the length of the reporting period. Of course, we will have a vote on it now. I understand it is lost but I can understand the reasons given by both the government and the opposition.

Question negatived.

**Senator XENOPHON** (South Australia) (11:05): I move amendment (10R) on sheet 7122 revised, which is standing in my name:

(10R) Clause 112, page 146 (after line 8), after subclause (14), insert:

(14A) Within 28 days of giving a notice under subsection (14), the Domestic Offsets Integrity Committee must publish on its website the reasons for the endorsement of the proposal or the refusal to endorse the proposal, as the case may be.

Under this amendment the Domestic Offsets Integrity Committee must publish on its website the reasons for its endorsement of the proposal or its refusal to endorse the proposal. Currently the bill provides that the minister must 'as soon as practical' cause a decision to be posted on the department's website. This amendment inserts a 28-day requirement and also says that reasons for a proposed methodology being refused must also be published. It is effectively a transparency provision, and I am grateful for the discussions that I have had with the government and the opposition in relation to this. I think it would improve the legislation to have that benchmark of transparency and accountability in the legislation.

**Senator LUDWIG** (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (11:06): I could not do anything other than agree.

**Senator BIRMINGHAM** (South Australia) (11:06): Obviously, we are in great agreement. Unlike other occasions when the minister has said we are in agreement on a principle or on a subject of debate, on this occasion I think we are also in agreement on the direction that the debate should actually take and the final vote that should be applied. The opposition thanks Senator Xenophon for moving this amendment. We concur with the arguments that he has put in regard to providing further transparency to the process and the assessment and recognition of offset entities and, in particular, to the work of the Domestic Offsets Integrity Committee. We hope that this amendment will provide not just further transparency but also the further benefits of confidence, being that of those who participate in this scheme, and certainty as to the way that the DOIC works and undertakes its considerations.

**Senator MILNE** (Tasmania—Deputy Leader of the Australian Greens) (11:07): The Greens support this amendment and agree that adding the transparency and the time frame and the reasons are all good things for the community in terms of the decisions that are made. I thank Senator Xenophon for the work he has done on this and we support it.

Question agreed to.

**Senator XENOPHON** (South Australia) (11:08): by leave—I move amendments (11R), (11A) and (11B) on sheet 7124:
(11R) Clause 255, page 271 (after line 16), after paragraph (c), insert: (ca) to monitor scientific research relevant to the issue of permanence and to advise the Minister about best evidence in relation to permanence;

(11A) Clause 255, page 271 (line 7), before "The", insert "(1)".

(11B) Clause 255, page 271 (after line 18), at the end of the clause, add: (2) If the Domestic Offsets Integrity Committee gives advice to the Minister under paragraph (1)(ca) about best evidence in relation to permanence, the Minister must, within 28 days after receiving the advice, cause a copy of the advice to be published on the Department's website.

These amendments relate to the issue of permanence. This is something that was looked at closely by the Senate Environment and Communications Legislation Committee and there is a discussion about this in some detail at pages 34 to 36 of the committee's report. There is a concern that a number of submitters argue that the requirement to maintain carbon stores for 100 years was too long and would discourage some potential proponents from participating in the scheme. Michael Kiely, the Chairman of the CFTA, stated, as reported on page 35 of the Senate committee report:

No farmer would be silly enough to agree to 100 years for soil carbon or 100 years for anything. A finance lender would want to know seriously the impact on the value of the property of agreeing to such a thing. We did some research into the 100 years thing and discovered it was a policy decision, not a scientific measure … We believe that 100 year is a perverse outcome. The result is said to be necessary so buyers can be confident they are getting value—that is, genuine abatements—so they get nothing. There is nothing available for them. We have found examples where the IPCC and the Verified Carbon Standard have allowed other periods of time recently—20, 25, 30-odd years. We believe we could work within that sort of time frame.

Recommendation 3 of the entire committee at clause 2.49 of the committee report at page 6 states: The committee recommends the government continue to monitor scientific research relevant to the issue of permanence and adjust permanence obligations in the CFI to reflect international consensus on this matter.

This amendment adds to the Domestic Offsets Integrity Committee a function that it monitor all scientific research relevant to the issue of permanence and advise the minister of best evidence in relation to permanence. This was a recommendation of the Senate committee and I think it is important that DOIC as the responsible agency continue to look to update, amend and improve the scheme into the future. This amendment also provides that the advice by the committee be published on the website of the department within 28 days.

There is an issue here about the continued monitoring of permanence, given the quite serious reservations expressed in its current form. It does not seek to change the permanence provision, but it does seek to ensure that there is ongoing or continuous scrutiny of the permanence provision, looking at the best available scientific evidence.

Senator BIRMINGHAM (South Australia) (11:12): As Senator Xenophon has rightly highlighted, this issue was considered in some depth by the Senate committee inquiry into this legislation, an inquiry which you Mr Temporary Chairman Cameron chaired. So you would well recall the bipartisan recommendation that the government continue to monitor scientific research relevant to the issue of permanence and adjust permanence obligations in the CFI to reflect international consensus on this matter.
The bill does put in place a basic permanence obligation regarding the maintenance of carbon stores where credits have been issued. That is an important feature of the bill. There needs to be some certainty in this regard. However, as Senator Xenophon has highlighted, a number of submitters were critical of the 100-year permanence obligations and the impact that would have on the scheme. Senator Xenophon highlighted the evidence of one of the submitters to the inquiry. There were others. Ausveg in their submission made a very strong appeal on what the impact of this 100-year requirement may be. They indicated in the extract from their submission that appears in the Senate inquiry report:

… it would take a very brave farmer to agree to 100-year permanent arrangements in which they (and their children and grandchildren) will be held accountable for “natural disturbances such as drought that may cause carbon to be released from the soil”.

Equally, placing all risk and costs as the growers’ responsibility for “bushfire … drought, or actions by neighbours, or third-parties” belies the Government’s own commitments to meeting its Kyoto obligations.

Given these serious challenges and immense uncertainty of carbon markets, it is quite unrealistic to expect vegetable and potato growers to sign 100 years commitments (with the threat of civil and criminal prosecution), undertake major investments, and change generational farming practices without any firm guarantees on the price they will be paid.

Those types of concerns are the concerns which are likely to manifest themselves and potentially make this legislation ineffective in terms of its uptake. It is not just the farming or agricultural groups who have highlighted their concerns about this. It is not just the industry bodies; the committee also highlighted the evidence of the Climate Institute. The committee report stated that the Climate Institute agreed that the 100-year permanence provision was:

… likely to be perceived by many landholders as a substantial, even insurmountable barrier to participation in the scheme.

For these reasons, the opposition will be supporting Senator Xenophon’s amendments, which put in place obligations on the Domestic Offsets Integrity Committee to monitor scientific research relevant to the issue of permanence and to advise the minister about best evidence in relation to permanence. We think that is an appropriate course of action which will hopefully provide some continual evaluation of this issue.

Importantly, as he so often does, Senator Xenophon has provided a transparency provision in this regard as well, a provision which requires that advice provided to the minister by the Domestic Offsets Integrity Committee on this matter of permanence must be published on the department’s website so that it can be scrutinised, assessed and debated. I would expect there to be a feedback loop—that, once such scientific assessment and evaluation undertaken by the DOIC is published on the website, scientists and other experts will scrutinise the findings of the DOIC and provide further feedback to it, informing the DOIC’s further deliberations on this issue. For these reasons, the opposition will be supporting Senator Xenophon’s amendments and we hope that other parties within the chamber will do likewise.

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (11:17): The government does not support the amendments moved by Senator Xenophon. Members of the Domestic Offsets Integrity Committee have
expertise with offset projects. The functions of the DOIC are described in proposed part 26, paragraph 255, 'Functions of the Domestic Offsets Integrity Committee':

The Domestic Offsets Integrity Committee has the following functions:

(a) the functions that are conferred on it by this Act and the regulations;
(b) to advise the Minister about matters that:
   (i) relate to offsets projects; and
   (ii) are referred to the Committee by the Minister;
That is the role and function of the Domestic Offsets Integrity Committee. Senator Xenophon's amendments effectively confer on the committee the function of monitoring scientific research relevant to the issue of permanence. Nothing prevents, on my reading of the bill, the minister referring these matters to the committee. But their work is primarily about offset projects. They are there to look at the methodologies and then give independent assessments of those.

Permanence is about the length of time that carbon dioxide remains in the atmosphere and its radiative forcing effect. Separate from the Domestic Offsets Integrity Committee, the government will continue to keep the permanence issue under review in light of developments in the Intergovernmental Panel on Climate Change. I know that you have an interest in the issue of permanence, but we should not use the Domestic Offsets Integrity Committee as the vehicle to maintain that interest. It is inappropriate to use it in that way. That is why we do not support the amendments.

Permanence has been set at 100 years. We have set it at 100 years because carbon dioxide cycles between the atmosphere, oceans and land biosphere and its removal from the atmosphere involves a range of processes with different timescales. The Intergovernmental Panel on Climate Change notes that around 50 per cent of the increase in CO₂ will be removed from the atmosphere within 30 years. A further 30 per cent will be removed within a few centuries. The remaining 20 per cent may take longer. In this context, 100 years has become the internationally accepted time frame for ensuring that sequestration is equivalent to, and can be used to offset, emissions. Under the CFI, sequestration projects can be terminated after 100 years without having to pay back carbon credits because it is then considered that permanence has been achieved.

Even without these amendments, the government will continue to monitor international developments on the issue and adjust permanence obligations in the CFI to reflect international scientific and policy consensus. It is not for the Domestic Offsets Integrity Committee to give advice to the minister about the best evidence in relation to permanence. Government will continue to monitor this issue and to look at international developments, but it is not a function that you should confer on the Domestic Offsets Integrity Committee.

Just as an aside, it should also be noted that the CFI permit obligations allow significant flexibility. Landholders would be able to cancel their sequestration projects at any time by relinquishing the number of credits issued for the project. That will of course mean that projects will have a much higher value if they represent a permanent abatement. The integrity of the scheme is maintained by having permanence because there is no genuine abatement if carbon stores are subsequently released back into the atmosphere. You need permanence. All of those who want to make an effort in reducing our carbon, all of those who want to make an effort in ensuring that there can be carbon sequestration and all of those who want to make an effort to move towards a
clean energy future require permanence. Landholders will be able of course to terminate sequestration projects at any time provided they hand back the same number of credits. If they do want to terminate, the flexibility is there.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (11:23): I will not be supporting these amendments, either, for many of the reasons that the minister has just outlined. For the Greens it is essential that the permanence obligations stand very clearly as they are in current legislation. I remind the coalition and Senator Xenophon of one of the big concerns people have with the whole Carbon Farming Initiative. It has been outlined by Senator Joyce in his run around the country, saying that the whole of the Murray-Darling Basin will be covered in trees if you turn around twice and so on and so forth. We need to not only guarantee permanence but also give people very clear signals so that we do not end up with the simultaneous crises that we have leading to perverse outcomes. The simultaneous crises we have are a climate crisis, a water crisis, a food security crisis and an energy crisis. If you do not look at all of those in a holistic way, you will get perverse outcomes. If you suddenly decide that you are going to go with carbon sink forests everywhere without any concern about water or about food production, you will end up with a complete mess in rural and regional Australia. It is what essentially happened with the managed investment schemes, and we absolutely do not want to see that happen again.

Equally, we do not want people going into a gambling framework where they basically say they will put trees in, they will get the carbon credits for 25 years and then at the end of that the next generation can cut the lot down, rip it up, do what they like and go back to a different regime. By putting in 100 years, we are acknowledging that the task here is to put in the carbon and maintain it for 100 years. Every farmer will sit there and say, 'Right, I am going to look at this piece of my property and determine that.' That means there will be parts of people's properties that they cannot use for anything other than, for example, putting in a biodiverse planting. It will improve their property; it will improve the biodiversity on their property. It will not take anything else out of production. It is a good thing to do and it will store carbon, and it is being planted as a biodiverse planting because it is meant to be there for 100 years. That is what you would do if you were planting something to last 100 years—you would build resilience, get local seed and local species, and actually have that part of your property like that for 100 years. But it is not going to be a substantial part of your property if you can make more from doing other agricultural pursuits on that land.

Similarly with soil carbon, one of the issues—it is an issue that Australia is engaged with daily in the talks in Durban, and has been over the last several years in negotiations—is drought. Every time we have a major drought in Australia we lose massive amounts of carbon to the atmosphere. Australia is saying we are not going to sign up to the forest management provisions of the treaty because we run the risk in a major drought of having to pay a massive amount on loss on our target because of the carbon we lose to the atmosphere. So Australia has been arguing that we want force majeure provisions so that in the event of extreme events that are...
beyond what would be classified as normal Australia would not have that immediately taken off the target. There are a whole lot of complexities in the UN negotiations around permanence. One thing we have succeeded in doing here is sticking with the spirit of the international agreement and understanding on permanence, but this is also a very clear signal to rural and regional Australia that permanence means permanence and if you make these decisions they last for 100 years. That will lead to more balanced land use in rural and regional Australia.

We have also put in this bill the need to consult natural resource management plans and the natural resource management groups in any particular catchment to make sure we do not get perverse outcomes where too much of the catchment is turned over to one carbon farming alternative or another. We are trying to give rural and regional Australia the opportunity to take up the benefits of creating permits by putting carbon in the landscape on a permanent basis or restoring carbon in the landscape if they have a degraded bit of forest on their land that they want to restore or a piece of forest that they can bring up to its full carbon carrying capacity with assistance in various ways. We are providing people with the opportunity to do good things and giving them an incentive to do so, a payment to do so. But we are making sure that we do not end up with the perverse outcomes we see when we incentivise something in a way that does not take into account all the other issues like water, food production and energy. We are dealing with all these crises at once.

I wholeheartedly support the notion of permanence being 100 years. I recognise there is an ongoing discussion in international negotiations. I am also cognisant of what the minister is saying, that that advice coming back through the international negotiations will obviously be taken into account by the government, is being taken into account every time there is one of these international meetings and will continue to be taken into account—but the DOIC is not the place to do it. Having said that, I think this is the most sensible way to proceed because it will give people a reality check. As the minister said, if they proceed on the basis that it is 100 years and then determine that there is more money to be made or there is a separate issue of ownership or for whatever reason they decide to get rid of the carbon that they have stored in this way, they will have to give up the permits. The reality is that that will be the consequence. It does not prevent them using that part of their property in the future in a different way but there will be a financial penalty incurred just as there is a financial benefit gained because you have done this in the first place. So that is going to be a commercial decision for people on the land, but I am confident that under this provision what we are going to get at last is a whole lot of biodiverse plantings on properties in places where it is appropriate to have them, where there will be decisions to avoid land clearance, where there will be decisions to restore degraded systems and improve biodiversity at the same time.

I actually think this carbon farming initiative bill in the way that it has now been developed is an extremely good thing for rural and regional Australia and I think farmers are pretty desperate to have it out there because it is the first time that marrying concepts of stewardship with the financial outcome is going to be able to happen on the ground. I think that has been one of the really positive things we have achieved through this negotiation.

Senator IAN MACDONALD (Queensland) (11:31): I am pleased to hear Senator Milne and the Greens party wanting to do something for rural and regional
Australia. If you go and ask some of the 5,000-odd people out the front of the building now, most of whom are from rural and regional Australia, they will tell you that the Greens political party is the worst thing that has ever happened to rural and regional Australia. I might suggest to Senator Milne that if she is interested in helping rural and regional Australia not only should she do what she can in relation to this carbon farming initiative, but if she wandered outside and spoke with people from rural and regional Australia and found out what really concerns them that would show some real commitment to rural and regional Australia.

If you go out there and ask those people, the things that really concern them are the carbon tax that is being imposed upon us by the Greens-Labor alliance. People out the front, people from rural and regional Australia, people from my town in country Australia, people right across the north of Australia, know that the carbon tax will be bad for them. It is a toxic tax. It is going to increase their cost of living but particularly for those in rural and regional Australia because of the greater reliance we have on transport and fuel and the greater impact that the carbon tax will have on those of us who live in rural and regional Australia.

So I am pleased to hear Senator Milne at least mouthing the words about support for rural and regional Australia. I just wish she would go outside and hear the real problems of rural and regional Australia and adjust her party's approach accordingly. Give up this government that has been so devastatingly bad for all in rural and regional Australia, in fact all Australians. Slip down and ask BlueScope Steel workers. None of them have much confidence in this government, which is being propped up by the Greens political party.

Getting on to the amendment before the chamber, which is as I understand it for the independent domestic offset integrity committee to monitor scientific research relevant to the issue of permits and to advise the minister about best evidence in relation to permits, Senator Birmingham on behalf of the coalition has indicated that the coalition would be supporting Senator Xenophon's amendment. I just raise the issue, though, that I hope this independent domestic integrity committee is independent. I hope that it will monitor all scientific research. This is a concern I have with this amendment. You would be aware, Mr Temporary Chairman, that we set up an independent climate change commission to oversight so-called climate change and appointed Professor Flannery to lead that group, appointed him to a position in which he gets $180,000 a year for two or three days a week work—much more than you, Mr Temporary Chairman, as a member of this Senate gets every year. I know that you and most people in this chamber work seven days a week and many of them work anything from 12 to 15 or 20 hours a day seven days a week. They do not get the sort of pay that Professor Flannery is getting to run this so-called independent Climate Commission on behalf of the government.

This is my point in relation to this amendment. The government appointed to that independent commission only those people who had a scientific view or had a view of science that the government supported. So in this amendment this domestic offset integrity committee is being asked to monitor scientific research. I just hope that if the amendment is passed and the integrity committee is looking at and monitoring scientific research that it monitors all research and not just, as in the case of the Climate Commission, research which the government agrees with. In Professor Flannery's case and in the case of the Greens-Labor alliance, all of those
scientists who do not agree with Professor Flannery's view on climate change are just ignored. I am not saying they should be believed. I have often said in this chamber before, with thousands of scientists believing one way and thousands of scientists believing another way, that I am not a scientist and I do not form an opinion when it comes to the cause of climate change. We all accept that the climate is changing. But the scientists cannot agree and so I put myself in the category that simply says if a scientist cannot agree what chance have I got?

In Australia we do not have the totalitarian, fascist governments of the middle of the last century when you had to believe what Hitler or Mussolini thought or you were put to the sword. There was only one view and that was Hitler's or Mussolini's and if you disagreed with that it was off with your head. We are a democracy and we are not like that, yet in this case the Labor-Greens alliance government is saying there is only one view of climate science and if you do not agree with it not only will you be ignored but also they will make sure that you never get any research funding. That is to the extent where a lot of respected scientists in Australia are now not game to raise the alternative view because they know that they—and their associates and colleagues who might be seen to support that view—will simply not be funded for research which keeps scientists in operation. That is the sort of thing that happened under the fascist governments and the communist governments of the last century: you have got to believe what the government believes or you are finished. Let us hope that, with this amendment, the independent Domestic Offsets Integrity Committee looks at all scientific research, not just research that the government wants it to look at to come up with a view that the government has already preordained.

In relation to the climate change commission, we know that Professor Flannery and all his colleagues on that were only appointed because they shared the government's view. They refused to look at any other scientific work on the issue because that did not accord with what the government wanted Australians to believe. As for Professor Flannery, we know he is the one that has been warning us about tidal increases but then we find—and I did so with absolute amazement—that, contrary to what he is telling everybody else about tides rising, he goes and buys a property or two right on the edge of the Hawkesbury River, so clearly he cannot believe that the tides are going to rise by as much as he has been predicting around the place. Perhaps we will hear more about that at estimates and perhaps the government will come clean in their supposedly open and accountable paradigm about Professor Flannery's conflict-of-interest statements. I understand from last estimates that he put one in but no-one has been able to see it. That is another secret of this very secretive government. We are told that he has indicated his interests that might be in conflict with his duties. But while the government knows that, nobody else in this chamber does. We are not being taken into the confidence of Professor Flannery or of the government. It is another secretive deal by this government that has really become renowned for its lack of accountability and lack of openness. So, whilst as Senator Birmingham has indicated, we support this amendment, I do hope if the amendment is passed that the Domestic Offsets Integrity Committee will be a committee of integrity—unlike, I suggest, the climate change commission, which seems to me to lack integrity because you are only appointed because of your view on
things—and that, if it is going to monitor scientific research relevant to the issue of permanence, it will actually monitor all scientific research and not just the research that the government wants it to look at.

Senator BIRMINGHAM (South Australia) (11:42): I want to address some of the contributions made so far to the debate on this amendment. I thank Senator Macdonald for a valuable contribution that has highlighted not just the importance of this amendment but some of the broader issues around the continual scrutiny and analysis of science in this debate. Senator Milne, in outlining hers and the Green's opposition to this amendment, was emphatic that we must keep the 100-year benchmark. Nothing about this amendment, in and of itself, seeks to step away from 100 years. Nothing suggests that 100 years, as the time line for permanence under the carbon farming scheme, will not be the ongoing figure. All it does is say that, if relevant international scientific research suggests that a different approach to permanence is warranted, that research should be brought to the attention of the minister and should be published on the department's website. It is a pretty straightforward amendment in that regard. It is not, in fact, an amendment—even were the Domestic Offsets Integrity Committee to find that there is overwhelming scientific research that would warrant a change in the definition—that does not mandate that change. All it does is say that the DOIC must advise the minister of that finding and they must publish the evidence. That is where it starts and ends. Then we can have a debate about how the minister may respond to that change in evidence. So I think to portray this amendment as an amendment that in some way seeks to undermine the 100-year benchmark as it currently exists is not accurate. It is purely an amendment that seeks to ensure there is genuine ongoing analysis of the science.

Senator Milne said that permanence needs to be permanence, and the minister emphasised the international discussions that continue with regard to permanence. We have semantic debates about words in this place sometimes. Obviously, in this case we all accept that the word 'permanence' is being used with a definitional period and would, in any other debate, be a description of duration rather than permanence. When you say something is for 100 years, that is 100 years duration not 100 years of permanence, because in all the usual approaches permanence means permanent, not 50 years, 100 years or a trillion years. But I understand that this is a case of accepting international language in that regard.

What does disturb me, though, about the minister's contribution is that he emphasised it is not the role or function of the Domestic Offsets Integrity Committee to undertake this work. That is right to a point, Minister, but it is a bit of a circular argument because the functions of the Domestic Offsets Integrity Committee are laid out by clause 255 of the bill, and the amendment we are debating seeks to change and add to those functions. If we pass this amendment and it goes into law then indeed it will be the function of the Domestic Offsets Integrity Committee to look at and monitor scientific research relevant to the issue of permanence. So the argument is: who should be responsible for looking at that? Who should be the responsible party to provide some advice to the government about up-to-date scientific information on permanence as it relates to the operation of the carbon farming scheme?

Whilst in the way the government envisioned this scheme operating it may not have been the DOIC's core role to look at this, the DOIC does appear to be the best fit
as to who should most logically look at and provide ongoing advice to government about these matters of permanence. Rather than accepting a 'trust us' attitude—and we have had, as I have emphasised at other times in this debate, serious concerns time and time again when this government has said, 'Trust us; she'll be right, mate,' in its approach to things—the opposition believes, and is keen to support Senator Xenophon in this regard, that it makes a lot of sense to mandate some ongoing analysis of the science in regard to permanence and to ensure that somebody with particular responsibility for how the scheme will work has an ongoing brief to look at international developments with regard to permanence. That makes perfect sense.

We think the Domestic Offsets Integrity Committee are the obvious parties to do so when it comes to this legislation. We do not want just to leave it up in the air—that is, the minister of the day will be advised by the department of the day about the matter. We do not want to leave it on a 'trust us' platform that, should those international standards evolve, change or be informed by better science, the minister will respond to that in an unprompted way. We want to make sure the prompting process is in place, and these amendments of Senator Xenophon provide very specifically for the prompt to be given that the scientific consensus or research has shifted and there is a better understanding of how permanence may be treated. This relatively simple amendment provides for a very clear process by which the Domestic Offsets Integrity Committee will monitor the science around permanence and tell the minister what they have seen, what they know, what they understand it to be. They are the people, after all, who ultimately are looking at the methodologies for the operation of the scheme and any issues that come up in relation to programs that operate under this scheme. They are the people who are tasked and equipped to provide good oversight. With regard to the practical—where you bring the science together with the practical operation of the scheme—they are the people who are going to have to make those decisions and mould it together, so they are equally well placed to advise on this matter.

The minister rightly said that in the clause as it is written there is probably nothing to prevent the committee providing information to the minister if they think it relevant in relation to this issue of permanence and scientific research on it. I agree with the minister—there probably is nothing to prevent them doing that. Certainly subclause 255(d) provides for them to have a function: to do anything incidental to or conducive to the performance of the above functions.

And those above functions themselves are relatively broad about providing advice to either the secretary or the minister in relation to offset projects. If in the course of providing advice about a project matters of permanence come up, it is obvious that it would not just be prohibited but probably be a responsibility of the committee to provide some advice to the minister in relation to those matters of permanence and the scientific advice that surrounds them. So the potential and the likelihood are already there that, at some points in time, the DOIC will be looking at matters of permanence. Given at some points in time they will be looking at those matters of permanence, we think it is quite appropriate that in fact all of the time in an ongoing manner they should have an obligation to ensure they are up to date with the science and across it and, where there are changes in that science, inform the minister of them and, where there are relevant changes in that science, having informed the minister of them inform other stakeholders and the public of them so that we get that
feedback loop that I talked about previously that ensures we are continually apprised of developments in this regard.

I struggle with the government's arguments against this. I am not sure why the government is so emphatically against it. I understand the arguments that Senator Milne has made, but once again I think she is attempting to read more into these amendments than they will actually achieve. She is attempting to believe that these amendments will somehow undermine the standards that have been set from day one. There is nothing in these amendments that will undermine those standards. There is nothing in these amendments that will see anything change in the 100-year time line any time soon. There is nothing in these amendments that will provide increased powers or scope for the minister or the government of the day to arbitrarily change that. These amendments are about the provision of advice and the publication of that advice. That seems to us to be perfectly sensible and rational, and to be perfectly entitled to our support.

Senator XENOPHON (South Australia) (11:54): I want to emphasise that this does not seek to change the 100-year provision, but it does seek that there be ongoing monitoring. So if there is further evidence that it needs to be modified in any way for certain types of use, perhaps then it can be looked at. It is just a requirement for there to be monitoring of the scientific research relevant to the issue of permanence. I think the government are saying, 'We'll do that, but not through this committee.' But if this committee is entrusted with dealing with the issue of carbon farming to provide objective evidence, to look at the scientific evidence and to look at the administration of the scheme, I would have thought it appropriate for this committee, the Domestic Offsets Integrity Committee, to look at this issue. It does not actually seek to change the 100 years, but it does seek for the committee to advise itself or to give advice to the government and for that advice to be published. I think that is the right thing to do for such a piece of legislation. Therefore, I will be persisting with these amendments and I am grateful to the opposition for their support.

The TEMPORARY CHAIRMAN (Senator Cameron): The question before the chair is that the amendments be agreed to. A division having been called, I remind the chamber that divisions cannot take place before 12:30 pm on Mondays. This question will be postponed.

Senator XENOPHON (South Australia) (11:56): I move amendment (12) on sheet 7118:

(12) Clause 306, page 303 (after line 6), after subclause (1), insert:

(1A) Any review under subsection (1) must be conducted by the Commonwealth Scientific and Industrial Research Organisation in conjunction with the Productivity Commission.

(1B) The Minister must ensure that the Commonwealth Scientific and Industrial Research Organisation and the Productivity Commission are provided with sufficient additional resources to conduct any such review.

This amendment relates to the CSIRO and the Productivity Commission conducting reviews. Under the current deal, there is a review of the act, the regulations and other instruments every three years. It is important to ensure that this initiative continues to improve. However, it is crucial that this review be independent and, as such, this amendment requires that every three-year review be conducted by the CSIRO, which has already done research into carbon farming, in conjunction with the Productivity Commission.

I believe it is important that the review include consideration of how the carbon credit market operates and how Australian
farmers and industry are participating in the trade of carbon credits, and that is why I believe the Productivity Commission should be involved in any review. I note that the Productivity Commission has recently conducted a review on carbon pricing mechanisms. I think that was a very useful exercise. I think the Productivity Commission did a very thorough job of adding to the public debate and our knowledge of this area. Furthermore, this amendment requires that both agencies be provided with the adequate additional resources to enable them to conduct such reviews. I urge my colleagues to support this amendment.

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (11:57): We have already stated in the House that the government will seek the advice of the CSIRO, as it is a valuable organisation and we value their advice, when reviewing the adequacy of the risk of reverse buffer adequacy. But let us be clear: the government's plan for the Clean Energy Future includes the establishment of a climate change authority which will review the CFI. The government will continue to, and always have, value the advice of the CSIRO and the Productivity Commission in relation to climate change policies. They will have an opportunity when the CFI is reviewed. But the government do not agree with putting it in the legislation in the way outlined by Senator Xenophon. It calls for the CSIRO to undertake the review in conjunction with the Productivity Commission, so there is no choice about that. They would both have to undertake the review. It does not say how they would do that. It does not say what the terms of reference would be. It does not say what they would be looking at, such as the terms of reference and, of course, it does not give them any underpinning to undertake it.

It is a much better course for the government to follow its plan—that is, for the Clean Energy Future—which includes the establishment of the Climate Change Authority, independent of government, which will review the efficacy of the CFI. In 1B you have also included:

The Minister must ensure that the Commonwealth Scientific and Industrial Research Organisation and the Productivity Commission are provided with sufficient additional resources to conduct any such review.

But it does not say how that would be done. These would be budget decisions. They may not amount to much in financial outlay; nonetheless, I can see you are trying to set up a scheme which provides a type of review which, the government says, creates too much specificity and does not allow an appropriate review to be done at the appropriate time. In that way, even if your amendment were successful, the Climate Change Authority would still undertake a review of the CFI. In doing that, you would also be creating additional work that the CSIRO and the Productivity Commission would need to do and you could end up, effectively, with a double-up. For all those reasons, we do not support the amendment.

Senator BIRMINGHAM (South Australia) (12:02): The opposition does support Senator Xenophon's amendment. We think it is important that there be appropriate organisations tasked with undertaking this review. I have listened to the minister carefully, and he has said that Senator Xenophon's amendment does not provide for what the terms of reference are or how the review would be undertaken. Of course we need to understand that Senator Xenophon's amendment does not provide for what the terms of reference are or how the review would be undertaken. Of course we need to understand that Senator Xenophon's amendment to mandate that the review be undertaken jointly by the CSIRO and the Productivity Commission does not stand in
isolation; it is an amendment to the existing clause 306 of the bill. The government themselves are proposing that this review occur and that it be a review into the operation of the act and the regulations and other instruments made under the act. They have already set out to some extent the broad framework of what the review would be expected to do. They have set out that there will be public consultation, they have set out that there will be a report and they have, thankfully, set out that that report will be made public and tabled in the parliament. They have set out the time lines for the review, which is the subject of subsequent amendments, and of course they have set out that there will be further reviews. So they have set out almost everything in relation to this review process except who is to undertake it.

If I am correct in what I think I heard the minister say, he indicated that the Climate Change Authority will be tasked with undertaking this review and that that was the intention of the government. The minister is nodding, so I take it that I did hear him correctly. I appreciate the minister telling us who the government intends to undertake this review; of course that is not stipulated in the bill. But of greater concern is that the Climate Change Authority does not at present exist. The structure of it is not at present known; exactly what its powers, remit, skills et cetera will be are not currently clear. The CSIRO, from a scientific standpoint, and the Productivity Commission, from a regulatory and economic standpoint, have proven track records. They have known skills and a clear ability in working together to undertake a review of a scheme such as this one. That will require a mix of scientific understanding and an appreciation of best practice and lowest cost regulation, which the Productivity Commission of course has.

The minister was critical that the amendment does not specify how the two are to undertake it together. I would have thought that they are grown-up organisations and that, just as at present, it is open for the minister of the day to stipulate someone to undertake the review. Under the current framework of the bill, the minister of the day could ask Mickey Mouse to undertake the review and that would comply with the bill. He has indicated that it will be the as yet unestablished Climate Change Authority that will undertake the review. Were the Climate Change Authority to have been in operation for a period of time, or were it in fact to be in operation full stop, we might be comforted by that information. But I am not comforted by the information when I do not know fully how that authority is going to work. Its establishment is probably to be the subject of future debate by this place, unless it is to be established purely under the executive powers of government.

We know CSIRO and the Productivity Commission have independence; we know they have integrity; we know they have capability; we know they have experience; we know they have the skills; we know that we can have confidence in the work that they produce. They are the sensible bodies to look at something as complex as this scheme and to provide sound advice on how it will operate in the future and on how this parliament may wish to consider improving it in the future to get the type of outcomes to which we all aspire.

With all of that, the opposition is strongly supportive of Senator Xenophon’s amendment here, and we would hope that the government might reconsider or, if not, that the Greens might see some benefit in these proven expert bodies being tasked to undertake this very important function and review.
Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (12:06): The Australian Greens will not be supporting the amendment proposed to require the CSIRO and the Productivity Commission to conduct a review of the carbon farming legislation. As has been devised in the whole clean energy package, the Climate Change Authority is to be appointed not only to set the targets, if you like—the budget of greenhouse gas emissions that need to be reduced each year through to an 80 per cent target at 2050—but also to conduct a review of these specific pieces of legislation that are part of the package. The Productivity Commission is already going to be significantly expanded and it will have a much larger workload put on it because its job will be specifically to review the level of compensation provisions that have been made to the emissions-intensive trade-exposed industries. It will have a major role in doing all that, and it will need expanded resources to do so. At the same time, the CSIRO is working with a number of farmers and farming organisations right now on soil carbon issues and is trying to work through the development of an appropriate methodology that may be applied in the future to enable the permits to be granted and so on. The CSIRO is very firmly engaged in this space at an operational level and at a consultative level with the farming community.

The Climate Change Authority will oversee all of these particular pieces of legislation in a big-picture way and will need to consult with, as the minister has just suggested, both the Productivity Commission and the CSIRO and no doubt a number of other institutions who are doing various aspects of work. In a structural way you have an oversight authority who will oversee all of it and then drill down how they actually conduct each of the assessments of those pieces of component legislation. This was thought through very carefully, because you cannot have an organisation which is part and parcel of working out the assessments and the methodologies reviewing itself in that context as to the effectiveness of the legislation. But certainly all the work that it has done will feed into that assessment that will be done by the Climate Change Authority.

The question becomes, do we think that the Climate Change Authority is going to have sufficient rigour to do this job? That is entirely dependent on, in the end, who is appointed to the Climate Change Authority and that is a matter that everybody with an interest in climate change in Australia will take a keen interest in as this develops over time. I appreciate the difficulty here because at the time these amendments were developed the whole clean energy package had not been announced, the whole procedure of how everything would fit together and who would oversee what and how they would be involved had not been announced, and so, in the absence of having any authority with the rigour to oversee this, I can understand why you would choose CSIRO and the Productivity Commission. But now the government has announced the clean energy package and there is a very clear role for the Climate Change Authority to look at all the legislation and make sure it is delivering on the objective of reducing emissions in the context of the emissions reduction target that will be based on the 80 per cent reduction by 2050. That is why the Greens are not supporting this amendment—there is a different structure in place now but it does not exclude either the Productivity Commission or the CSIRO, who will feed into that review process of the Carbon Farming Initiative.

There is a following amendment in relation to time frame for review, and Senator Xenophon has said within 12 months
of legislation being passed or 2014. Within 12 months of the legislation being passed, assuming that it is going to be passed in the second half of this year, means that we would be doing the first review next year and that is just not feasible given that it will hardly have got started by that time. In the government's timetable, 2014 is the timeline proposed for the first review, by which time you would have some results on the ground to review. I want to foreshadow that the Greens will not be supporting the amendment on the timeframe for that reason. Again I say that at the time the amendments were developed the other package had not been announced and there was no way of knowing that. I make clear where the Greens will be standing on that and also indicate that the Greens will not be proceeding with the last amendment on the sheet as it currently stands.

Senator BIRMINGHAM (South Australia) (12:13): I am worried by this statement of the government, supported by the Greens, that the Climate Change Authority is the body to undertake this review. This really is a case of putting the cart before the horse. We have the amazing situation where the government is proposing that a review of a bill that it hopes to have passed by the Senate today will be undertaken by an authority that is not yet in existence. Senator Xenophon says it is not satisfactory at all. This really is a case of putting the cart before the horse. We have the amazing situation where the government is proposing that a review of a bill that it hopes to have passed by the Senate today will be undertaken by an authority that is not yet in existence.

Senator Xenophon interjecting—

Senator BIRMINGHAM: Senator Xenophon says it is not satisfactory at all. This is an authority that is going to be brought into existence as part of the government's planned carbon tax package. It is on the record that the opposition will be opposing the carbon tax package, and in opposing the carbon tax package we will be opposing the establishment of this Climate Change Authority. Understandably we think it is unsatisfactory to agree to a proposal that a review will be undertaken of the operation of this bill, or act if it is passed, and of the operation of the carbon farming scheme by an authority that we will fight and hope to stop being established. That would of course leave meaningless the minister's promise that it will be the Climate Change Authority, because we hope that it will not be there. We hope it will not be there because it is part of some $400 million worth of administration that the government is proposing to create under the carbon tax regime. This is one of the great and amazing things about the government's carbon tax package. Such is the money-go-round that is the carbon tax package, it is going to establish a climate change authority and a raft of other regulatory bodies that just over the life of the forward estimates will churn through $400 million of taxpayers' money in administrative costs for the carbon tax. Anybody who pauses to think about that should be gobsmacked and horrified. This comes on top of the forward estimates costs for the continuing operation of the existing Department of Climate Change and Energy Efficiency and so on. All up, we are talking about more than half a billion dollars in regulatory and administrative oversight for these schemes over the forward estimates—$400 million alone specifically identified within the carbon tax package that the government has released.

All Australians could find better ways to spend that sort of money. The opposition certainly believes that it could find better ways to spend that sort of taxpayer money. Taxpayers could find better ways to spend that sort of money rather than having to part with it in a tax in the first place. So it is anathema to us that we would be asked to agree that this review be undertaken by a new regulatory body, a new statutory authority, that is going to be part of, frankly,
squandering some $400 million of taxpayers' money on a bigger bureaucracy. That is where the carbon tax is leading us to—this great giant new bureaucracy that churns money around. It takes in around $9 billion a year in new tax revenue for the government, spits some of it back out to households and to industry and churns up $400 million of it over the forward estimates in new public servants, new authorities, new regulators and new carbon cops out there on the beats—all of these bodies put in place just churning the money around as only this government is capable of doing.

Despite putting in place the new $9 billion a year tax, the government will still manage to lose money on it. They will still manage to run a deficit on it, as only they can do. Once they have churned all that money around through their giant new bureaucratic arrangements and they have spit it out to those they think most worthy, not only will they leave millions of Australian households worse off and thousands of Australian businesses of all sizes struggling and thousands of Australian jobs in jeopardy and send billions of dollars overseas for the purchase of carbon permits but also eventually they will increase the size of the deficit to fund all of this activity. That is the madness of the scheme they are proposing. It is the madness of the scheme that will be debated in this place during the second half of the year.

We think that it makes no sense at all to agree that the review of the Carbon Farming Initiative should be undertaken by a yet-to-be-established, yet-to-be-proven, yet-to-be-tasked, yet-to-be-staffed regulatory body—an authority which is yet to be given the time to establish their expertise and which is part of this carbon tax money-go-round and part of this great big new $400 million expenditure in bureaucracy by this government. It is particularly ridiculous to do so when the skills are already there in existing agencies to do the job properly. The skills are there in CSIRO to provide a rigorous and thorough examination of the scientific issues in the carbon farming legislation, the matters of permanence we have just debated, the impact on the water tables and water flows, the impact on biodiversity that we have debated already and the environmental and scientific impact. Quite clearly, CSIRO already has the skills and expertise to undertake the review we are talking about in best practice regulation, in lowest cost regulation, in ensuring that this scheme does not have perverse or adverse consequences to overall abatement targets and measures and in ensuring that, should the carbon tax have gotten through, it operates in a sensible way with the carbon tax regime. We think that obviously the policy skills and the independence of the Productivity Commission is equally the right place and has those skills already in place to be able to deliver on this.

Why on earth you would propose sending it off for review by an untested, unknown, unestablished authority is beyond me. This is a very sensible amendment of Senator Xenophon's. It will ensure that the most able people to provide the most independent of advice and review are the ones who do so and give advice back to the government. That is why we support this. It is very disappointing to hear not just that the government will not be supporting it but equally that the Greens will not be supporting it. I would have thought that they would want to see the type of rigour and robust approach that we know CSIRO and the Productivity Commission can achieve. I would have hoped that they would have seen the wisdom in this. Frankly, I believe that at one stage in another parliament they would have, but they now are in a situation where most of the detail on these things is probably worked out behind closed doors with the
government. Most of the agreement on 'We'll let you have this amendment but we don't want to see any of the other amendments go through' is done behind closed doors with the government rather than, as perhaps they once did, going through and seeing sensible amendments for what they are and then supporting sensible amendments, particularly sensible amendments like this one that only go to improving the long-term integrity, credibility and operation of this carbon farming scheme. It is an amendment that should be supported and it is a disappointment to see that it does not appear to have the numbers in chamber to enjoy support.

Senator XENOPHON (South Australia) (12:22): I will briefly refer to the contribution that Senator Milne made a few moments ago. I listened to her arguments in relation to my subsequent amendment—I note that we are not dealing with it now—and see that her argument has some considerable merit, so I will not be proceeding with amendment (13) on sheet 7118. I foreshadow that in relation to the first review, as I think there is a legitimate point there. I take that on board and I accept it. Therefore, I will not be proceeding with that amendment.

On this particular amendment, though, it is critical that it is supported for a number of reasons. If you look at the bill at page 303—the very final page of this bill—and at clause 306, 'Reviews of operation of this Act etc', you see it states:

(1) The Minister must cause to be conducted reviews of the operation of:

(a) this Act; and
(b) the regulations; and
(c) other instruments under this Act.

He must make provision for public consultation. He must cause a report to be prepared of a review under subsection (1). A report of the review must be tabled in parliament. It needs to be tabled before the end of 31 December 2014. But it does not say who will do that review. As I understand it, the government is foreshadowing that it will be the Climate Change Authority. That authority has not been established. It does not provide for terms of reference of that review, not even broad parameters for that. That concerns me. The Productivity Commission has already done tremendous work looking at the whole issue of appropriate mechanisms for the pricing of carbon. I would have thought that this would segue, if you like, into the work they have already done. They clearly have the capacity to do so.

In relation to Senator Milne's point about the CSIRO—that it has already provided advice and it may not be appropriate for it to look at this—I think it is valuable that Senator Milne raised that point. But the CSIRO has looked at this issue. I think it is in a perfect position to be part of the review. You could have perhaps a Chinese walls mechanism so that there isn't any potential conflict, but clearly the expertise of the CSIRO would be valuable.

The very thrust of this amendment is that there ought to be an independent process to review the operations of this act. The Climate Change Authority is part of the executive arm of government. You do not have independence. I believe you will not have the robustness of purpose to the review process that is required. Therefore I think it is important that you have an independent body to do this. This mechanism is the best way forward. The current legislation is deficient in that it provides a mechanism for a review but it does not provide the basis for such a review, the broad terms of reference or the independence of such a review. That is why I am very grateful to the coalition for its support for this.
The carbon farming initiative is a huge change that has been proposed. I want it to work effectively and to work well. But I think we ought to seek independent advice when reviewing this legislation. The Climate Change Authority is not the appropriate body. What has been proposed in this amendment is far superior for dealing with the very important issue of a review.

The CHAIRMAN: The question is that amendment (12) on sheet 7118, moved by Senator Xenophon, be agreed to. It being not yet 12:30, the division will be postponed to a later hour.

Debate interrupted.

The CHAIRMAN: We can now return to the postponed divisions. The question is that Senator Xenophon's amendments (3) and (4) on sheet 7118 be agreed to.
The committee divided [12:35]
(The Chairman—Senator Parry)

Ayes.....................30
Noes.....................35
Majority................5

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**Question negatived.**

**Senator XENOPHON** (South Australia)

(12:38): I move my amendment (7) on sheet 7118:

(7) Clause 56, page 81 (line 28), omit paragraph (2)(a).

The committee divided [12:39]
(The Chairman—Senator Parry)

Ayes ....................30
Noes .....................35
Majority ...............5

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Question negatived.

The CHAIRMAN: The question is that Senator Xenophon's amendments (11R), (11A) and (11B) on sheet 7124 be agreed to.

The committee divided. [12:43]

(The Chairman—Senator Parry)

Ayes.....................30
Noes.....................35
Majority................5

AYES
Abetz, E
Birmingham, SJ
Boyce, SK
Cormann, M
Eggleston, A
Fierravanti-Wells, C
Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
McKenzie, B
Parry, S
Ronaldson, M
Scullion, NG

NOES
Arbib, MV
Bishop, TM
Brown, RJ
Collins, JMA
Crossin, P
Farrell, D
Feeney, D
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G

NOES
Bilyk, CL
Brown, CL
Cameron, DN
Conroy, SM
Di Natale, R
Faulkner, J
Hanson-Young, SC
Ludlum, S
Lundy, KA
McEwen, A (teller)
Polley, H
Rhiannon, L
Siewert, R
Stephens, U
Thistlewaite, M

NOES
Arbib, MV
Bishop, TM
Brown, RJ
Collins, JMA
Crossin, P
Farrell, D
Feeney, D
Gallacher, AM

NOES
Bilyk, CL
Brown, CL
Cameron, DN
Conroy, SM
Di Natale, R
Faulkner, J
Hanson-Young, SC
The question now is that the bill, as amended, be agreed to.

The committee divided. [12.52]

(Ayes: 36, Noes: 29, Majority: 7)

AYES

Arbib, MV
Bishop, TM
Brown, RJ
Collins, JMA
Crossin, P
Farrell, D
Feeney, D
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G
Urquhart, AE
Wright, PL

NOES

Abetz, E
Birmingham, SJ
Boyce, SK
Cash, MC
Cormann, M
Eggleston, A
Fierravanti-Wells, C
Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
McKenzie, B
Parry, S
Ronaldson, M
Scullion, NG

CHAMBER
this has been a botched process by the government from day one. The coalition supports the principle and has long been a champion of it and an advocate for the concept that we should pursue and encourage the increased abatement of carbon through our soils, through our landholders and through better practices of our farmers. We believe that is a sensible approach. But we regret that the development of this legislation has been terribly mishandled by the government of the day. We need only look at the fact that, from the very early days of these bills being released for comment and being considered by the Senate Environment and Communications Legislation Committee, it was clear that there were a lot of gaps pertaining to the regulations that underpin these bills. There were a lot of gaps as to the methodologies that would be applied to different areas of abatement. Those gaps are serious matters that should have been resolved before this matter came to a final vote.

We should have seen the final copies of the regulations as they relate to the composition of the positive list, the list that will determine what activities will definitely be included within the scope of this carbon farming legislation. We should have seen the final copies of the regulations as they relate to the negative list, the list of those areas of activity that will not be allowed to participate in or proceed under the Carbon Farming Initiative. Sadly, we have not seen either of those. We saw some draft regulations tabled just last week by the Minister for Agriculture, Fisheries and Forestry in this regard. At the last minute he brought in some draft regulations around the positive and negative lists. That is just not good enough. Those regulations should have been there for the committee to consider. They should have been there for stakeholders to comment on. All along, we should have been looking at a complete and final package. But, no, we have been looking at something far from a complete and final package. Instead, we have been looking at a package that, as this government so often says, is simply built on the basis of ‘Trust us.’

Well, we do not trust the government. We do not trust them to get things right. We believe that if legislation is going to pass through this place with so much that is so dependent on the regulation and that if an approach is adopted within that legislation under this government, then we need to see everything in detail beforehand. We need all the t’s dotted and all the i’s crossed. We need to see it all, because we cannot trust the government to deliver things that they promise they will deliver.

In this regard we need to see certainty around the methodologies that are to be applied. We had an extensive debate, stretching from last week into today’s debate, about the landfill gas sector, a sector that has abated more than 4½ million tonnes of carbon equivalent in 2009. They make a huge contribution in terms of the work. Many of those businesses and activities were early movers. They were people who got into this industry, got into the sector and started to do their bit to abate carbon emissions at the very early stages. And yet they are at risk under this legislation, at risk under this approach, of suffering adverse consequences, of being left stranded high and dry. They are at risk, which we will see, particularly in regional areas, of landfill gas processes being shut down that have been there for a long, long period of time. That would be a very perverse outcome.

The minister has provided some comfort and some assurances to the industry and to the chamber that that will not be the case, but, again, that comfort and those assurances came just at the last minute. They came only...
by discussions with industry at the end of last week that were reported back to the chamber today. They were discussions that would not have happened were it not for the work of Senator Xenophon, the opposition and industry in bringing it to the attention of the government and the Greens and ensuring that there was a discussion and a dialogue to try to provide some certainty. The industry is willing—dare I say it?—to trust the government on this matter. I hope the landfill gas industry's trust is validated. We cannot provide such blank cheques or open-ended trust to the government, but I hope their trust is validated. I hope that they do get the outcome that will ensure those important projects can continue into the future. I hope they do get that outcome in the time line that the government has promised.

But they are not the only ones who are waiting for a methodology determination under this. They are not the only ones who would have been far better off making sure that we got this right—if all those matters had been resolved before this came to a final vote in this place. We just cannot sign these types of blank cheques with the 'trust us' approach. It is not that the opposition and the Australian community have been once bitten by this government—far from it; the opposition and the Australian community have many times been bitten by this government and are many times shy of the 'trust us' approach of this government. We have seen a litany of failures. These are not just failures such as their chronic failure of budget management and the failures of infrastructure projects such as the school hall scheme; there is a chronic litany of failures in the very space that this legislation pertains to, a chronic litany of failures in the space of climate change programs and their operation. We can rattle off a long list of them. The gold star award for these failures goes to the pink batts scheme, the home insulation scheme which wrought havoc on an industry and which had severe consequences for homeowners, industry, individual lives and for taxpayers who saw not just hundreds of millions of dollars but billions of dollars wasted under the program.

We saw the Green Loans program, another classic failure. If it were not for the home insulation scheme, the Green Loans program would have been the gold star winner for failure in terms of climate change policies by this government. Once again, the Green Loans scheme wrought havoc on the lives of thousands of people who wanted to do the right thing and provide environmental assessment but who saw a government get it so wrong. The government's 'trust us' approach simply let those people down.

We have seen the government's flawed judgment in its other policies in this space. It was not so long ago—in fact, only 12 months ago—that the Australian people were being asked to re-elect this Gillard Labor government on a platform of policies such as the cash-for-clunkers scheme and the citizens' assembly on climate change. These ridiculous policies show the flawed judgment that those opposite have and what errors they are capable of making. They show the ridiculous decisions this government wants to put in place. That is why we cannot just sign a blank cheque and accept the 'trust us' approach of this government. We cannot go along with the approach of 'We'll fill in the blanks later when it comes to the regulations and methodologies that apply under this legislation,' because the judgment of this government is flawed, and it has been proven time and time again that when it comes to the crunch it gets these things wrong. And the consequences of getting this wrong will be too great.

We have just had a debate about matters of permanence during the committee stage,
and that highlighted the fact that projects undertaken in the scheme will, in instances, be subject to 100-year time lines. It is not often in this place that we debate 100-year projects. It is not often we look at things with consequences that will stretch so far into the future. That is why we need to make sure that we get every aspect of this right. Should the government get it wrong, the consequences—consequences to access to land for agricultural production; consequences to water rights, water access and water availability; consequences to biodiversity management and land management; consequences to employment and economic activity in local communities; the consequences in all those areas that have been debated during a very lengthy committee stage—would be serious and have long-term implications. That is why we cannot just allow this government to go through and fill in the blanks later.

As I said at the beginning, we support efforts to encourage farmers and landowners and others to increase abatement of carbon. We would like to see, and hope, that ultimately this scheme works. We hope that is the case. We would have liked to have seen a scheme that, when we walk out of here today, we could have had 100 per cent confidence in, and we cannot have that; we do not have that. We do not know about too many aspects of this. It is the lack of that 100 per cent confidence that sees us having to vote against this scheme, with regrets. Even at the end of the debate we had during the committee stage, the final amendment that we debated and voted on addressed the review of the operation of this scheme. The government proposes that that review be undertaken by the Climate Change Authority. Senator Xenophon wisely proposed with the support of the opposition that instead it should be undertaken by a joint task force coopted from the CSIRO and the Productivity Commission. We felt that was the right way. Why? Because the CSIRO and the Productivity Commission are proven experts, have proven independence, have proven skills, have a long track record and enjoy the trust of legislators, the Australian community, policymakers, commentators and others. They are the people who could, of course, have ensured that we actually had a review that was comprehensive, that balanced the scientific and environmental aspects with the regulatory and efficiency aspects, and came up with advice to ensure that this scheme worked effectively in the long term.

But that sensible amendment was rejected and rejected in favour of the as yet unestablished, unproven and untested Climate Change Authority to instead undertake the review—an authority the opposition believe is part of an unnecessary $400 million new bureaucracy that the government are going to create as part of their carbon tax regime. Of course this is just more gross waste by this government in their approach to the expenditure of taxpayers' money. We think this is another example of government legislation that is based on a wrong approach by the government and another example of their flawed judgment.

In closing, let me restate that it is regrettable and disappointing that we find ourselves in this position. Had the government taken a more thorough and more diligent approach from day one, it would not have come to this. Had the government ensured that there was adequate consultation and engagement with all stakeholders from day one, it would not have come to this. Had the government provided final copies of all the regulations required by this bill for consideration throughout the process, it would not have come to this. Had the government provided certainty to those sectors such as the landfill gas sector about
the methodologies that would be applied, it would not have come to this. But they have failed on all those counts. They failed to address a number of recommendations that their own senators made in the committee inquiry into this report. There has been a litany of failure and a botched process from day one by this government. We will see this bill pass—and I accept the numbers in the chamber. It will pass with our best hopes that it will work out, that it will not have adverse consequences and that it will not have perverse outcomes. Sadly, it will not pass with our confidence that all those things will occur and that is why we cannot support its final passage.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (13:10): I rise to say how pleased I am that the Carbon Farming Initiative is going to pass the Senate. I wish to convey to the Senate how much so many people in rural and regional Australia are looking forward to this initiative. Recently I was in Darwin speaking with Indigenous communities and they see this as the best hope for a very long time for longstanding, permanent jobs, particularly in remote communities. The methodology for the different savanna burning regime is already underway and those communities can see there is enormous opportunity. Already people are moving into the Northern Territory and changing the manner in which they manage large areas of land. That too will provide Indigenous communities with work.

I am very pleased that the government accepted the Greens amendment to extend the carbon rights beyond exclusive native title holders to non-exclusive native title holders so that we expand the number of Indigenous people who not only will be able to get work as part of the Carbon Farming Initiative but will actually benefit as part owners or full owners of the carbon rights associated with the development of some of these projects. I have been in other parts of Australia where for years farmers have lamented that they cannot get any support for stewardship programs that they want to undertake on their own land. They want to restore degraded forest on their land. They want to be supported to plant biodiverse plantings. They want to be able to deal with feral animals and weeds. This Carbon Farming Initiative will enable them to develop projects where they can actually do those things.

I have just heard the coalition talk about a litany of failure. I am glad that Senator Birmingham is now on the record opposing this bill. He says that he hopes there will not be perverse outcomes. If it had not been for those of us in this chamber supporting this legislation, the perverse outcomes would be everywhere because the coalition moved to remove the negative list so that there would not be anything on the negative list. If you want to avoid perverse outcomes with this bill then you need the negative list in order to do it. Furthermore, the coalition are out there in rural Australia saying, 'Let's go with soil carbon.' What is their proposal for actually getting the methodology work done? Where is their regulatory authority that will impose the methodology and work out how those carbon permits, or whatever they are going to call them, and how the tonnes of carbon in the soil are going to be measured and rewarded? Who is going to measure and monitor permanence?

The coalition do not want a climate change department. It does not want to have a regulatory authority. It has said it will abolish those. They will have no department, no regulatory authority, no monitoring and no assessment, just a lot of hot air with farmers saying: 'Look at us. We're coming to buy your soil carbon out of your landscape.' If you speak to Mr Greg Hunt from the lower
house, he does not know what this is going to cost—but it will come out of the budget anyway. The coalition are going to raid the budget. Having abolished the Department of Climate Change and Energy Efficiency and having abolished the regulatory authority, they will take the money out of the budget to pay for the soil carbon so the polluters can keep on polluting. There will be no payments from the polluters; it will come out of the budget.

Once the coalition have abolished those public servants, the money will come out of the health and education funding because that is the majority area of the budget. Australians will realise that the coalition are not going to charge the polluters, that they are actually going to take it from taxpayers to pay for these things so the polluters can keep on polluting. And we have those people who stand in here and say, 'What a litany of failure.' For the last several months the Greens worked extremely hard with the government, the bureaucracy and a number of constituents from across Australia on the Carbon Farming Initiative because we wanted to make sure that we did not get perverse outcomes. That is why there is a negative list. That is why it precludes managed investment schemes. That is why it says that plantings for harvest cannot be included. I know Senator Colbeck wanted them included. Well, they are not, and for very good reason: we want to maintain permanence in the landscape. We do not want to have the next rush of managed investment schemes and people ripping off the system. What we want is long-term investment in carbon in the landscape. I can tell you that NRM groups across the country are delighted because they are now going to get money to bring their NRM plans up to a certain standard, and those NRM plans are going to be consulted when Carbon Farming Initiative projects are put into the scheme. Local communities will be able to say, 'Our NRM plan would preclude that; we need to have a discussion,' and so on.

For the last several months we have sat down and consulted with people to try to avoid the perverse outcomes. Meanwhile, the coalition have been out there saying nothing. There has been no policy development—not a policy that can stand up. There is no funding for a policy, no capacity to develop a methodology and no capacity to employ that methodology in rural and regional Australia. It is a lot of hot air. Telling people that 60 per cent of the coalition's effort in reducing greenhouse gas emissions is going to come from soil carbon when they have none of those things in place—not a methodology and not likely to have one in the foreseeable future—and the whole idea that they are going to reduce greenhouse gas emissions by five per cent by 2020 is a joke. It is an absolute joke in carbon terms and people know it. That is why they cannot get out and defend it. That is why every time Mr Hunt gets up to try to defend it, he gets himself into trouble because he cannot actually identify how much they are going to pay for this 60 per cent of the effort coming from soil carbon, or where the money is going to come from.

This legislation is now internally consistent, it has addressed the issue of perverse outcomes and it recognises that there are at the moment simultaneous crises—a water crisis, a climate crisis, a food security crisis and an energy crisis. This legislation recognises all those things are happening at once, and it has built in a number of ways to address those tensions so that you do not have a disproportionate level of funding for one against the others and the perverse outcomes that happened under the coalition's pushed and promoted 2020 forest plantation plan and the managed investment schemes that went with it.
Who has put the work into policy development? Who has put the work into consulting rural and regional Australia? Who has given thought to improving Australia's biodiversity outcomes at the same time as creating jobs in the regions? Who has put the thought into long-term productivity in rural and regional Australia in terms of managing the landscape for productive outcomes? It is the people who have worked on this Carbon Credits (Carbon Farming Initiative) Bill and who are putting it through here today. The people who have opposed it at every turn are still opposing it. When we get to see this rolled out in rural and regional Australia, we are going to find people standing up and saying this is a good thing. Yet, this is another one of the things that the coalition will abolish and roll back, according to them, if they ever get into government. I will be very interested to see how many people in rural and regional Australia think it will be a good thing to abolish the Carbon Farming Initiative. It will be the only source of funding available to people in rural and regional Australia to give them long-term income from the stewardship of the landscape and the enhancement of carbon in the landscape that they have been asking for so long.

I am really pleased to stand here today and support the Carbon Credits (Carbon Farming Initiative) Bill and to make very clear to rural and regional Australia that they need to look at the detail and ask the coalition this: how are you going to deliver on your 60 per cent effort of the five per cent reduction coming from soil carbon in the absence of methodology or of monitoring or of any of the rigour that is associated with actually achieving it in the manner that you say you can? Further, it is time they went and told rural and regional Australia exactly how much is going to come out of the budget to pay for that 60 per cent effort on soil carbon, and where it is going to come from? Those are the questions that people really need to have answered.

Senator IAN MACDONALD (Queensland) (13:20): More hypocrisy from the Greens political party—more inconsistency! To suggest that the Greens political party are looking after rural and regional Australia! I invite Senator Milne to slip down to the front of Parliament House and talk to real people from rural and regional Australia. She will see what they think about the Greens and their mates in the Labor Party in this dysfunctional government. For Senator Milne, as part of the Greens Labor alliance, to talk about where the money is coming from for some of the modest initiatives that the coalition has for the abatement of greenhouse gas emissions! Fancy the Greens political party asking those questions when they are part of a scheme that will raise hundreds of millions of dollars from the taxpayers in this carbon tax that we are about to be subjected to.

I also remind Senator Milne that it was her party that joined with the Labor Party to tax ordinary Australian men and women with a flood tax that they did not impose on BHP, Rio Tinto, Coles or Woolworths. They all got off scot-free, those huge multinational companies, thanks to the Greens and the Labor Party, while mums and dads and individual Australians, the corner butcher, the baker and the candlestick-maker had to pay the tax. Their competitors, Coles and Woolworths, did not have to do that, thanks to the Greens and the Labor Party. So the hypocrisy of the Greens to come in here and argue on carbon credits, the Carbon Credits (Carbon Farming Initiative) Bill or any other bill on the grounds that the alternatives will cost taxpayers dollars is just breathtaking.

I do not want to delay the Senate on finalising this bill. As Senator Birmingham
has said, the coalition supports the principle of carbon farming. In fact, it is something that we initiated in different forms in government. It is something that Greg Hunt has done a lot of work on and it is something that will be done properly. But doing it in the way of this bill, where it is left to this government to bring in regulations to fill in the gaps that there so obviously are in this legislation, is something that the coalition cannot take the risk of. This is a government saying, 'Trust us,' when we simply do not trust this government.

Why don't we trust this government? I could spend the rest of the day telling you about that, but suffice it to say that this Labor government is led by a leader who just a year ago said, 'There shall be no carbon tax under a government I lead,' and here we are, one year later, dealing with a whole series of bills associated with this carbon tax. Before the Senate rises at the end of the year we will be dealing with the carbon tax legislation. This is the legislation that the Labor Party and the Labor leader and the Labor deputy leader, Mr Swan, promised us, just a year ago, would not be introduced under a government that Ms Gillard led. So how can we trust them on the Carbon Farming Initiative? How can we say, 'We accept you will bring in regulations to fill in the obvious gaps,' when we cannot trust Ms Gillard with anything? A year ago the Australian public trusted her when she said, 'There shall be no carbon tax under a government I lead.' She broke that promise with impunity so why would anyone in Australia believe anything this government and its leader, Ms Gillard, say or promise in the future?

That is why there are thousands of people who have come here, some in front of Parliament House and some, I understand, being held in convoys—and one must get to the bottom of why this happened—not allowed into this area. Apparently the ACT government or the federal government, who deal with the surrounds of this building, would not allow them in. There are thousands of people outside of this place and thousands of people all around Canberra who have come from rural and regional Australia, Senator Milne. Why do you think they are here? Because they like paying $400 or $500—or $4,000 or $5,000 in many cases—for fuel to get here to protest against this government, a government that Senator Milne says with this legislation, with her Greens-Labor alliance, is looking after rural and regional Australia? What absolute hypocrisy! What absolute stupidity! What an absolute lack of truthfulness in saying that! Slip outside, Senator Milne! Senator Feeney, hop out the front! See what rural and regional Australia think about your government and its Greens alliance partners and you will quickly see that people are in many cases spending their last cent to get here to try and make their voice heard so that the deaf people in this government might open their ears just a little and realise what is happening.

Senator Milne said that she was in Darwin a couple of weeks ago talking to Indigenous people and that they are looking forward to all the jobs that they are going to get out of the Carbon Farming Initiative. I am not sure where Senator Milne went in Darwin or anywhere in the north but I am sure if she had walked around anywhere in the north she would have been told by Indigenous Australians and non-Indigenous Australians that their futures and their jobs have been ruined by this government's stupidity on that live cattle export ban. What is the biggest employment generator for Indigenous people in the Northern Territory, in the north of Queensland and in the north of Western Australia? It is the cattle industry. A lot of very good cattle properties are owned by Indigenous groups and they employ a lot of
people. They will not be in the future because they will go out of business.

Most of the cattle owners, the cattle producers, in the north are struggling. I have heard figures like 90 per cent of cattle businesses in northern Australia being in default to their banks. This was said at a conference between the industry and bankers in Georgetown and Cobbold Gorge just last week. Ninety per cent of northern Australian cattle interests are in default to their banks as a result of Senator Ludwig's stupidity. Can you believe that? It is difficult to believe. So they are in default to the banks and the banks are not being very supportive or very understanding and a lot of people are looking at where they will be this time next year. They may well have lost everything because of a decision of this government—and Senator Milne comes in here and tells us that she and her Labor mates are looking after rural and regional Australia and that Indigenous groups in Darwin are just waiting for this carbon farming initiative bill to come into force so they can get jobs! What about the jobs that Senator Milne and the Labor Party have destroyed in the beef cattle industry in northern Australia? What about the number of jobs in Indigenous communities? Indigenous organisations have been destroyed by the decisions of the Labor Party-Greens alliance.

We have heard during this debate, and I thank Senator Birmingham and Senator Colbeck for so ably leading it on behalf of the coalition, stories coming out about new bureaucratic organisations to be established such as the climate change authority and I think I heard in the debate of $400 million being set aside for that. Madam Acting Deputy President Stephens, with no disrespect to you or to others opposite, this is the philosophical difference between Liberals and Labor: Liberals believe that people are best placed to spend their own money; people should be encouraged to get ahead, work hard, reap the rewards of their efforts and spend them how they want to—subject of course to putting aside a bit for those in our community who are more disadvantaged than they are and who need some help; and that is fair enough. But the Labor Party and the Greens, and all socialist parties the world over, believe that government, Big Brother, knows better what to do with your money. 'Don't you spend it on that car. We'll tell you what car you can buy. Give us your money and we will spend it for you.'

*Government senators interjecting—*

**Senator IAN MACDONALD:** A market solution? A tax of billions and billions of dollars is a market solution?

*Government senators interjecting—*

**Senator IAN MACDONALD:** And, I might say, it will make absolutely no impact whatsoever on the changing climate of the world. We were told all of these taxes are going to reduce Australia's emissions by five per cent, yet the figures in the government's own documents show that we are actually going to be emitting more tonnes of carbon at the end of the five years than we are now. We are introducing this enormous tax on everybody, increasing everybody's costs of living, making Australia uncompetitive so that we are sending workers' jobs over to Asia and to places where there is no carbon tax.

*Government senators interjecting—*

**Senator IAN MACDONALD:** Hang on. We will get there. They are your figures. Have a look at your documents. You are imposing this tax on everyone, and at the end of the period, by 2020, the amount of carbon emissions will have increased. That is in your document. That is in the document that your Department of Climate Change and Energy Efficiency and the Treasury have
modelled. They have put out the figures. They are out there. You are increasing the output and putting a huge tax on everybody.

It has little to do with climate change. You know, with Australia emitting less than 1.4 per cent of the world's carbon dioxide emissions, that reducing them by even five per cent, if you were to get there, is going to make absolutely no difference whatsoever. I challenge you: tell me how five per cent of 1.4 per cent is going to make one iota of difference. After going around and warning everyone in Australia that they should not be going near the seashore because the tide is going to rise and their houses will be inundated, what does Professor Flannery, your very highly paid person personally selected to lead the Climate Commission, do with the $180,000 you people are giving him for two days work a week? He buys some property right on the banks of the Hawkesbury River in one of the wealthiest areas of Australia. Great socialists! Great for the workers! Great for the underprivileged! Give Professor Flannery $180,000 a year for two days work a week and tell everybody: 'Don't buy near the water.' If you were a conspiracy theorist you might almost think: 'Why would you tell other people not to buy and then slip into the market when it falls because of the climate change boss's warnings on tidal increases?' Nobody else would want to buy those properties, would they? They would be inundated by the water! But suddenly Professor Flannery does not mind taking that little bit of risk. I think he said he will have moved on by the time the tide comes in and takes his house. But, come on—let's get serious about all this. We are going to set up this new Climate Change Authority—another $400 million.

The other thing I have to tell you, sitting opposite—and I mean no disrespect in this, either—is that when I look around I note everyone on this side of the chamber has worked in their own business. If you did not work you did not get a cheque at the end of the year. In your business, if you spent more than you earned and then you borrowed from the bank, the bank interest plus the repayments eventually caught up with you if you kept borrowing. There is a difference, with respect. It is no reflection on the fact that for all of your senators their whole life's work experience has been working for the Labor Party, working for the unions or working for another politician. The cheque comes in at the end of the month; it does not matter whether you work hard or you do not work hard. And if you have a problem in government you say, 'Let's just spend another $400 million and set up another bureaucracy.' If I did that in my business, if I said, 'Things are going bad. I think I'll spend'—in proportion—'a couple of hundred thousand dollars to set up a new element of my agency', where was I going to get that money from? Hey, if I borrow that I have to pay it back. But the Labor government just spends another $400 million. Where do you get it from? You write out a cheque to the Treasury and when the Treasury runs a bit dry you just put on another tax like the carbon tax.

Money means nothing. It is so easy to spend other people's money. It is so easy to spend money when you never have to be responsible for paying it back. Whenever my colleagues and I borrowed money we actually had to pay it back. That is why we understand what thrift is about. We understand that you just cannot keep borrowing and spending and borrowing and spending—because in my business I eventually had to pay it back. But, in government business, the Labor Party just borrows, spends, borrows, spends, borrows, spends. Somebody will pay for it—the poor old mug taxpayer. As they did in the Whitlam and Keating days, the Labor Party
will run up debt. In those days we used to think it was outrageous—$96 billion of debt. They did not care. They knew that the Liberals would eventually come along and pay off the debt, pay off the $96 billion, and put the Treasury in credit to the extent of—what was it?—$60 billion. The Liberals left the incoming Labor government with a $60 billion surplus, having paid off the previous Labor government's $97 billion deficit. We go a couple of years into it, and the Labor Party has wasted the $60 billion we set aside in surplus and they have run up—what?—$120 billion extra in debt. Have a look at Greece. Have a look at Portugal. Have a look at Spain. Have a look at Ireland. Senator, give it long enough and that is where your government will have Australia. Those socialist governments who did not understand the value of money would, if there was a problem, just throw money at it. They would borrow the money. Someone else will provide it. The Greeks are now finding out that they have got to pay it back some day.

Labor are lucky because they know that at the next election the Liberals will be back in power. They know that we will be prudent and fiscally responsible. They know we will pay back all of their debt. It is going to cost us both in money and in political terms because we have to take the razor out and slash their extravagance. I can assure them—and it is not my area of the coalition to be making these commitments on the run, but I will have a fairly good bet—the Climate Commission, the Climate Change Authority and the Department of Climate Change and Energy Efficiency will be the first to go. There is a saving of a billion dollars over a few years.

An opposition senator: $70 million.

Senator IAN MACDONALD: That is a fairly good start, and I have identified it without any research! I have identified that in 30 seconds. It is going to be so easy to get rid of the waste, duplication, bureaucracy, red tape and regulation of your government, Senator, whilst, at the same time, looking after those people who cannot look after themselves. We will be spending our money on the defence of the country and disadvantaged people who need our help. We will be spending it on them. We will not be spending it on public service edifices like the ones that you have. The Climate Change Authority and the climate change department—that is just for a start. Good heavens! Sit me down with a pencil and paper for 10 minutes and I will give you a list of wasteful things. For example, we will not be spending $14 billion on putting in pink batts and then paying another $14 billion on removing them. There is a start. They are the sorts of things that a prudent, fiscally responsible government would do.

I have been deflected from my discussion on the carbon farming initiative bill by the interjections. Suffice it to say, as Senator Birmingham has clearly pointed out, we like the principle but the legislation is too open-ended and it has too many holes in it. There is also the fact that trusting this government to do anything is too high a risk, and we are not going to do that.

Senator BACK (Western Australia) (13:40): I too have watched with great interest as the debate on the Carbon Credits (Carbon Farming Initiative) Bill 2011 has moved from committee and now to third reading. I can assure you, Madam Acting President, there are no two countries watching this outcome more carefully or closely than China and India. They do so because they have absolutely vested interests—their vested interests being that both of them are running out of coal and both of them see Australia as a very, very successful and long-term supplier of the best
quality coal in the world. From a carbon farming point of view, I think they would be looking at farming Australia for its product, and that is the coal. We saw only recently in India that one of its greatest concerns is its capacity to see its industries progress and to bring its populace from a lower socioeconomic to a middle-class level, and the way to do that is through the supply of power. I will come back to that from Australia's point of view, because we have been there.

What did we see just recently when the carbon tax was first announced? We saw the giant American company Peabody and none other than the largest steel manufacturer in the world, Mittal Steel, immediately leap in to purchase Macarthur Coal. This was parroted and trumpeted as being a great vindication of the carbon tax decision of this government. Of course, the truth lies elsewhere. The truth lies in the fact that Macarthur is already exporting the vast majority, if not all, of its coal. What might be the reason for Mittal and Peabody to want to jump in and buy Macarthur at a premium price?

Madam Acting Deputy President, time does not allow me to share with you my 10 years of experience of doing business in India and there would not be enough tissues or handkerchiefs in the chamber at the end of my presentation. So I will confine myself to the fact that Macarthur is already exporting the vast majority, if not all, of its coal. What might be the reason for Mittal and Peabody to want to jump in and buy Macarthur at a premium price?

One must then, of course, examine from a global perspective the morality of the question of why we would be making initiatives, with our little 1.5 per cent of the world's carbon, to reduce and cease the generation of power from coal whilst opening the floodgates so that the two giant countries of China and India can be unfettered in taking more and more of our coal to use in their coal fired generators to generate electricity for their communities. At the same time, this will be adding to the world's now demonised carbon dioxide. Where is the benefit of a little 1.5 per cent country stopping its generation of power from coal whilst accelerating the sale of its coal to other countries so that they can add to the world's carbon dioxide is absolutely and utterly beyond me.

To come back to my point about India: the Indians have always got a very good reason for doing anything. In fact, in my 10 years of doing business in India, I cannot recall anyone ever offering us a premium over and above what we actually undertook to do work for. I must put on record the fact that, as a small Western Australian IT company in the oil and gas industry, we are unique in our success in being able to deliver on the projects we did for Indian government companies. It did not, however, translate into us ever being paid in a timely fashion. So I am intrigued when I see Mittal Steel offering a premium for that particular activity.

But I go to a question that I have posed to young people when they have come into my office in recent times, remonstrating with me and asking me why we are not on board with this question, and I pose this question to anybody: how is it that our population of 23 million, in a landmass the size of the United States of America, is at the stage of per
capita wealth that it is when compared with other countries, compared with high-population countries without a large landmass and compared with the United States of America, which is equal in landmass but with 10 times the number of people? Has anybody ever addressed themselves to that question in this debate? Has it been high iron ore prices? Of course it has not. It has been in only the last seven or eight years that we have seen an elevation in iron ore prices. Has it been gold? No; we are a reasonable producer of gold. What about grain? The United Kingdom produces more wheat than Australia does. We might be a large exporter of wheat in relation to what we produce but in terms of our production, one or two tonnes to the hectare for wheat production is a good figure in my state of Western Australia. If you did not get nine or 10 tonnes to the hectare in the United Kingdom and in Europe you would be regarded as a non-grower. Therefore, is it wool? Well, it once was wool. We grew on the sheep's back. But it is a long, long time since we grew on the sheep's back.

So I come back to the question in all seriousness and I ask: how is it that this small country in terms of population but with a massive landmass is so wealthy per capita? Two words: cheap energy. Cheap energy generated from coal is the one economic benefit that this little country down in the bottom right-hand corner of the world has. We have always had cheap energy from the generation of power from coal. But what are we trying to do? We are trying to diminish and stop the great economic benefit this country has always had. We are trying to pass that benefit on to countries that would dearly love our coal reserves and are willing to pay for them at a discounted price because they know that, should this tax be successful, should this government be successful in its drive, there will not be any imposition, unlike gas, for example, where our government says, 'You must keep some gas for domestic consumption but you can export the rest.' We now have a government that is saying: 'We don't want our coal. You are free to dig it out of the ground and put it on ships and sell it.' I ask the question again: why is it in this so-called smart country that we are digging up our iron ore and selling our coal so that other countries, particularly China but increasingly India, and one day Africa, will be able to turn our iron ore into steel, using our coal, and sell it back as a value-added product and we have no interest in that coal?

What are we doing to the economic benefit that for the last three or four generations has presented us in this country with the standard of living that we enjoy, with the capacity to help other nations and with the capacity to provide the sorts of social security underpinnings and umbrellas that we do for so many people in Australia? Why is it that we are such an attractive country? It is because we currently have cheap energy.

Look at the alternatives. Do we want to see alternative renewable sources? Of course we want to see alternative renewables. I say with some small degree of pride that I was running an island off the coast of Perth when wind generators were first introduced in Western Australia and someone said, 'There are four or five different products; let's put them all in the one place where the wind blows.' So all four of them were put there, and I had the undeniable pleasure of overseeing their management. The first two were eggbeaters, and they failed immediately. The third was the type of wind generator that we see now; its blades fell off and it never, ever generated power. The fourth one had exactly the same challenges— that is, when the wind blew we could actually collect some power from it, but at the times we needed it, lo and behold, the wind never blew. The other
interesting thing, which has a similarity today—although this was in the early
1990s—was that, to be able to take this power on board from this renewable source
from wind power, we had to turn our generators down to a level of inefficiency,
where the efficiency lost exceeded the benefit of the actual wind turbine. It had its
conclusion when a tourist bus with 35 overseas visitors was going past and one of
the blades sheared off in a high wind and landed 200 metres in front of the bus. That
was when I said to the renewable energy group within Western Power at the time,
'Just take it away.' So I do have some affinity with wind power.

Whilst that was a distraction, the point I want to make is that it will be a long time
before renewables will ever replace the baseload demand for electricity generation.
Having been a party to it, however small the island was—it is just a microcosm of the big
one to the east of it—you still had to have your baseload generating capacity. You
cannot say to the households and businesses: 'I'm sorry, all of the meat in the freezer has
been spoiled because the wind didn't blow,' or the sun did not shine or we could not store
the power.

I for one am very keen to see Australia continue particularly in the storage
technology and long-distance transmission. Those are the two areas where Australia
should make a contribution to global conditions. It is not digging coal out of the
ground and sending it to China and to India, where they themselves will use our coal to
take advantage and try to simulate what we did by way of cheap energy. Our contribu-
tion is to use our research and development skills to address those two issues: (1) the efficient long-distance
transmission of generated power and, (2), storage. Until we get on top of those two, the
contribution by renewables will not be great.

What are we doing in this move that we are contemplating and debating in this chamber?
It has been said before, and I am sure it will be said again before the debate is finished,
that the first outcome will be to hamstring Australian industry and Australian business
as they try to compete with overseas competitors upon whom no tax is placed. All
of a sudden, if we are exporting, we are at a disadvantage with our competitors. If
competitors are importing, they have an advantage because they do not have this
particular impost. We threaten the jobs of Australian workers. I do not need to dwell on
that because we see so much evidence of it here at the moment.

We place insurmountable hurdles on Australian farmers. Why Australian farmers?
Because, as I alluded to a moment ago, we are such a big exporter of what we produce,
especially in my state of WA. Here in the Eastern States you consume somewhere
between 50 and 60 per cent of the grain that you produce. My colleague Senator Williams
would have those figures immediately. We in WA export 95 per cent of the grain. We
cannot pass those costs on. Fertiliser costs, insurance costs, transport costs: all of these
go up but the farmer cannot pass them on. They are insurmountable challenges.

We place at risk the financial security of those depending on superannuation
insurance—pensioners, self-funded retirees, indeed everybody who is in the super-
annuation insurance industry, and that is all of us. Why? Because we have a preference in
Australia to actually invest in our own companies and our own businesses. In that
particular case where we see these businesses placed at a disadvantage, we must
inevitably see their economic wellbeing disturbed.

The other problem is commodity prices for our own consumers. We know very well
that we are going to see electricity prices driven up even higher. Every state Premier has said this. Labor's Premier Bligh has said it. Premier Barnett has been saying so. Premier Baillieu and the Premier of New South Wales have said the same thing in this area. We have a circumstance in which there are no winners yet. Industry does not win. Employees do not win. Business does not win. Pensioners do not win. Self-funded retirees do not win. I want to reflect particularly on the future generations. As I alluded to earlier, it has been cheap energy that has made this country great. The intention, as I see it, is to remove the legacy that we have enjoyed and that our parents enjoyed. We are going to fail to pass it on to the next generation.

Whilst I was in East Timor recently I was asked by a young military officer, 'What is the impact of all this carbon tax and carbon farming?' There was a beautiful spray of flowers in the airport lounge, so I said to her: 'Imagine you are a producer and an exporter of Australian wildflowers. You have a wonderful business going. You have plenty of employees and plenty of contractors. All of a sudden, for whatever reason, a government imposes a tax on you to make your flowers less competitive. You are an exporter of wildflowers; therefore your competitors overseas have a free kick. Those competitors bring their product into Australia. All of a sudden they are at a price advantage to you. What do you do as this flower producer? You take jobs offshore and lose jobs in Australia, you close your business or you go into bankruptcy.' None of those activities are of any value to this country.

Worse than that in the flower analogy is the fact that overseas competitors then come to see our product and they start to say, 'If Australia is not providing it anymore, what might be the case for me?' We have seen this in horticulture with Israel. Sometime in the past they found that their production of our wildflowers exceeded our own capacity to produce wildflowers, so they became a net exporter of our product in competition with us. There is absolutely and utterly no validity to this activity. This carbon tax initiative as it is being presented to us will not work and for that reason I am pleased to make this contribution to the debate.

Senator COLBECK (Tasmania) (13:57): I just want to add a few comments to the end of this debate about this piece of legislation and its effectiveness. Senator Milne made some quite spurious claims about coalition policy and coalition intention in relation to this piece of legislation, even to the extent of making up suggestions about what amendments we may or may not have moved, which shows how poorly she has followed the debate in this place. She made allegations about one amendment that we were supposed to have moved, but we did not actually move it. That just gives a demonstration of how poorly the Greens are actually following this debate. They would rather be out spreading their prejudice against some of Australia's wonderful industries.

Right from the outset the opposition has expressed concerns about the design of this legislation and the way that it will effectively work, or more importantly effectively will not work. That is one of the major things I see will be a result of passing this legislation. I am genuinely concerned that the government and the Greens are raising expectations in the community. We heard Senator Milne talking about the huge opportunities, the bonanza, that might flow from the passing of this legislation. I would caution her against making such broad claims because one thing that we do know is that the regulations that sit around this piece of legislation can be quite restrictive, even to the extent that the National Farmers Federation said as part of their submission that you cannot grow a
shelter belt. If you want to put in a windbreak, because it is common practice, it does not fit within the regulations. Some of the things that Senator Milne was talking about, such as savanna burning, may not fit within the process, depending on how it is done, because it is common practice.

The issues around additionality and common practice are very important elements that the coalition were concerned about with this legislation, bearing in mind that we, as Senator Milne correctly said, support the concept of sequestering carbon dioxide in our natural environment. That is an important part of our policy. But we are really concerned about the design of the legislation. We do not believe that it will actually sequester much CO\textsubscript{2} at all. In fact it will be very lucky to have sequestered a gram of CO\textsubscript{2} by the time we get to the next election because of the processes that still have to be gone through before we get to the stage of accepting a methodology.

Debate interrupted.

**QUESTIONS WITHOUT NOTICE**

**Gillard Government**

**Senator ABETZ** (Tasmania—Leader of the Opposition in the Senate) (14:00): Mr President, my question is to the Minister representing the Prime Minister, Senator Evans. On the anniversary of the 2010 election, is the minister able to name the Gillard government's biggest achievement? Is it wrecking the live cattle export industry to Indonesia, sabotaging Tasmania's forest industry, its deadly $2.4 billion pink bats program, wasting $5 billion to $6 billion on overpriced school halls, its failed Green Loans scheme, creating a rolling immigration detention crisis, its abandoned East Timor and incompetent Malaysian solutions or its dumped cash-for-clunkers scheme?

**Senator Bob Brown:** Mr President, on a point of order: I ask you, in the fullness of time, to look at that question against standing order 73 and report back to the Senate on whether it infringes standing order 73 or not.

**The PRESIDENT:** I will look at the question, Senator Brown. My initial assessment was that it did not, but I will look at it. If there is anything to report back, I will report back; if there is nothing, I will not report back.

**Senator CHRIS EVANS** (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:01): I thank Senator Abetz for the question. Unfortunately I only have two minutes to take him through some of the government's achievements of which we are very proud. Most important is our economic record, which has brought economic stability to this country. The reason we have one of the strongest economies in the Western world is that, in the face of the global financial crisis and in the absence of bipartisan support for an appropriate stimulus package, this government invested in the future of Australia by stimulating the economy, by providing for jobs in our economy and by giving people a chance to work in the face of the global financial crisis, which has seen us emerge as the envy of the Western world in terms of the success of our economy. We are very proud of that record. It has seen us grow the Australian employment market by over 700,000 jobs. We have been delivering for Australians real jobs and a strong economy in the face of very uncertain international events.

That stimulus package was directed at long-term investment in Australia's future, like education. While the opposition are disparaging about the investment in education, we have improved the education
opportunities for Australians, whether in schools, vocational education or tertiary education. We have also taken steps to overcome the long disadvantage that pensioners had in this country—the failure under 11 years of the Howard government to recognise the plight of pensioners. We brought in the largest one-off increase in the value of the pension in decades. That increase allowed pensioners to live with some dignity. So we are very proud of that achievement as well, very proud of the fact that we have supported Australian pensioners and allowed them to live with some dignity.

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (14:03): I thank the minister for his answer and remind him that all those so-called achievements were under the Rudd government, not the Gillard government, which is very telling. I ask a supplementary question. Can the minister explain what he considers to be the Gillard government's greatest failure: the budget deficits, the $100 billion debt it has created, the broken promises on public hospitals, the lack of progress on the Murray-Darling Basin or the submarine fleet that cannot go to sea?

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (14:05): Mr President, I ask a further supplementary question. Given the lack of achievements to which the minister can point, does he agree that this government has outdone both the Whitlam and Rudd governments as the worst government in Australian history?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:05): Whenever you do not have any questions to ask, resort to political rhetoric. There is no substance to Senator Abetz's question, like there is no substance to the opposition, no substance at all. Political rhetoric and fearmongering is all they have. They have nothing to offer to political debate in this country. The first question time for the week, the first question of the week, and what do we get? Political rhetoric, no substance, no contribution to public policy debate in this country, just the petty point-scoring that served Senator Abetz well in student politics apparently, which he has never matured from, never come forward from. There are important public policy issues at stake in this country, like education reform, health reform and job creation. They are the focus for this government. I urge the opposition to engage in some serious debate about those issues.
Syria

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (14:07): My question is to the Minister representing the Minister for Foreign Affairs. I ask: in view of the ongoing slaughter of the unarmed champions of democracy in Syria, will the government close the Syrian embassy and have them sent packing?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:07): I thank Senator Brown for his question. As we watch the seeds of joy in Libya, in another country another regime continues to kill protesters demanding political reform and greater freedom. An estimated 2,000 people have been killed in Syria since civil unrest began in March. Last week, Australia joined other countries in calling on the Syrian President to step aside and announced additional sanctions against members of the Syrian regime.

Today, the government repeats its call for President Assad to step down and to reject the path taken by Gaddafi. Today we share the joy of Libyans but we do not forget the people of Syria. On 19 August, Australia joined the international calls for President Assad to step aside. The people of Syria deserve the opportunity to engage in peaceful political activity without fear of official repression. The Syrian regime must cease violence immediately, respect the right of free and peaceful protest, release political detainees and engage in genuine dialogue that will bring about reform.

Australia continues to urge strong UNSC action, including by referring Syria to the International Criminal Court. We also continue to encourage the Secretary-General to appoint a special envoy to Syria. Australia has been active in the United Nations Human Rights Council, including co-sponsoring a resolution recommending the deployment of a human rights observer mission to Syria. Again on 19 August, we announced further autonomous sanctions to put more pressure on the Assad regime. Our financial sanctions and travel bans now target a total of 34 individuals, including President Assad, and 13 entities. Australia has contributed $3 million to the ICRC's emergency appeal. (Time expired)

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (14:09): Mr President, I ask a supplementary question. In view of that answer, I ask the minister why it is that Australia is taking such a weak and unsatisfactory reaction to the Assad abominations? I ask him again why Australia has not closed the Syrian embassy, which represents what the minister himself has described as a criminal head of state in President Assad?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:09): I utterly reject Senator Brown's characterisation of Australia's response. We have taken leading action in a whole range of areas, of which I have just detailed many, and we continue to maintain publicly that the regime should cease shooting and killing its own citizens. So I utterly reject the basis of the question which you put to us, Senator Brown.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (14:10): I have a further supplementary question, Mr President. Firstly, how does the government explain the complete inconsistency of on the one hand saying that President Assad should
go to the international court because of his criminal behaviour and, on the other hand, allowing his representatives to remain free and entertained in this city of Canberra? Secondly, what is to stop the Australian government from directly calling on the International Court of Justice to bring President Assad to book?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:11): We are continuing to urge the UNSC to take strong action, including referring Syria to the International Criminal Court. We are working within international forums, as we did with Libya, to seek to bring an end to the violence and to hold the Syrian government to account. So, Senator Brown, I again reject your assertions that underpin your question.

Steel Industry

Senator THISTLETHWAITE (New South Wales) (14:12): Mr President, my question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. Following BlueScope Steel's announcement of a major restructure of its operations at the cost of up to 1,000 jobs, can the minister advise the Senate what action the government is taking to support Australian workers?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:13): I thank Senator Thistlethwaite for his concern, a concern that I had hoped would be shared right across this chamber. BlueScope is experiencing an unprecedented combination of challenges, as Mr O'Malley from BlueScope stated this morning. The record high dollar, the low steel prices and the high raw material costs are the realities that BlueScope has had to deal with.
working in partnership with— (Time expired)

Senator THISTLETHWAITE (New South Wales) (14:15): Mr President, I ask a supplementary question. How does the minister respond to fears that Australian manufacturing is in crisis?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:15): The government is also providing $30 million in conjunction with the state government of New South Wales and the company to provide new investment opportunities for the Illawarra region. We should not, under any circumstances, underestimate the gravity of the challenge that is facing Australia. On the other hand, it does not mean that we are helpless in the face of the enormous structural changes that are occurring within our economy. We have to constantly remind those opposite that it actually makes sense to manufacture in Australia. However, we cannot compete at the bottom of the market. We can and do compete on the strength of our ideas. There is a growing international consensus that investment in research and development is the only way that nations can hope to transform their economies and build on quality and build higher paying jobs. That is why countries like China— (Time expired)

Senator THISTLETHWAITE (New South Wales) (14:17): Mr President, I ask a further supplementary question. Does the minister accept that BlueScope's announcement spells the end of Australian steel exports?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:17): Today BlueScope announced that it is withdrawing from the export business to focus on domestic markets and their international growth opportunities. They will return when business conditions improve. They have made a conscious choice to protect the long-term viability of Australian steel and that includes the viability of its export arm. The restructure will better position the company to maximise its profits and its viability in the long-term. They will work, for instance, with Nippon Steel to capitalise on next generation coated-steel products. They will launch them initially in Australia and then roll them out throughout the company's global markets. BlueScope have made it very clear that their decisions are about the long haul in Australia. As we saw with Holden, the opportunities are there to transform economic enterprises. When other companies have been faced with these major structural changes, we have seen that it is possible to turn around a company— (Time expired)

Member for Dobell

Senator RONALDSON (Victoria) (14:19): My question is to the Minister for Sport, Senator Arbib. I refer the minister to a report by Andrew Clennell in last Friday's Daily Telegraph which states that Minister Arbib:

... brokered the deal between Prime Minister Julia Gillard's office and NSW Labor. Can the minister confirm that he participated in a discussion with the member for Dobell and the Prime Minister, or the Prime Minister's office, in relation to the payment by New South Wales Labor of the member for Dobell's legal fees following his discontinued defamation action against Fairfax?

The PRESIDENT: The minister can only answer that part of the question that refers to his portfolio matters.

Senator Chris Evans: On a point of order, Mr President: I think that puts the minister in a really difficult position. I do not think that there was anything there that vaguely related to the minister's portfolio
responsibilities. Nothing in the question related to his ministerial responsibilities. On that basis, I do not think there is anything Senator Arbib can say. Therefore, I ask you to rule it out of order so that Senator Arbib would not be required to answer because there was nothing put to him that related to his portfolio responsibilities.

Honourable senators interjecting—

The PRESIDENT: Order! It does not help me when people are shouting across the chamber.

Senator Brandis: Mr President, I rise on the point of order. There are two points I wish to make. First of all, under standing order 72, the question must relate to public affairs. There are a series of prohibitions in standing order 73 and none of those prohibitions would prohibit the asking of this question. The second point is that it has always been the case, both in this chamber and in the House of Representatives, that questions bearing upon a minister's fitness to hold his ministerial office are permitted. This question goes directly to whether or not Senator Arbib was, as a minister, party to a cover-up or an attempted cover-up concerning the affairs of Mr Thomson, the member for Dobell. I can understand why the Labor Party want to cover it up. I can understand why the Labor Party want to prevent the Senate inquiry into it. The fact is that because it goes directly to the minister's fitness for office, it is entirely within standing orders.

Senator Conroy: Mr President, I rise on a point of order—

Senator Chris Evans: Who won't you slur up this time, George? Just think of a run with Alan Jones and slur up anybody.

Senator Conroy: On my point of order, Mr President: I would ask you to rule Senator Brandis's arguments completely out of order. No part of that question is in order—none whatsoever—and nor is Senator Brandis's attempt to drag irrelevant standing orders and irrelevant slurs into the debate. You should rule it out of order or, at a minimum, ask Senator Ronaldson to explain who paid David Davis's legal bills—

The PRESIDENT: Senator Conroy, now you are arguing the issue.

Senator Abetz: Mr President, I rise on a point of order. Before we continue our discussion on the broader point of order, the Leader of the Government clearly reflected on the Deputy Leader of the Opposition, and his remarks should be withdrawn.

The PRESIDENT: I will review that—

Senator Chris Evans: Mr President, I want to be helpful. I asked Senator Brandis who he wouldn't slur. That is what I said. If that is out of order, I withdraw it. I do not think it is. It is a genuine question and one that occurred as a result of what he said about Senator Arbib. If it is out of order, I would withdraw it, of course.

The PRESIDENT: I understand it has been withdrawn. Is that what you said?

Senator Chris Evans: No. If you rule it out of order—

The PRESIDENT: I think it would help the afternoon if you were to withdraw that.

Senator Chris Evans: In order to make your afternoon better, Mr President, I withdraw.

Senator Faulkner: On a further point of order, Mr President—

Opposition senators interjecting—

Senator Faulkner: You probably will not disagree with this, if you just listen for a change. It would also have helped the chamber and the afternoon if, when Senator Evans was on his feet, the microphone had been turned on. While senators in this part of the chamber might care to make comment on
the point of order, unfortunately it was absolutely inaudible in this part of the chamber.

The PRESIDENT: I will say what I said at the outset. I listened to the question closely and I made a ruling that was consistent with that made by other presidents before me, so it is consistent with what has been said before. The minister need only deal with that part of the question which is the responsibility of the minister in his portfolio. The other parts of that question can be ignored. It is up to the minister to answer the question.

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (14:25): The question clearly does not fall inside my portfolio area.

Senator RONALDSON (Victoria) (14:26): Clearly the answer to my question is yes, yes and yes.

The PRESIDENT: Statements should not be made.

Senator RONALDSON: Mr President, I ask a supplementary question. Can the minister explain his denials, given that he was well aware that New South Wales Labor paid Mr Thomson's legal fees—believed to be in excess of $150,000. Minister, is it not the case that this is a government led by a Prime Minister who is willing to pay any money to, or excuse any indiscretion by, the member for Dobell if it means protecting her wafer thin majority?

The PRESIDENT: On the same basis, Minister.

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous
Employment and Economic Development and Minister for Social Housing and Homelessness) (14:28): I refer to my previous answers.

**Afghanistan**

Senator LUDLAM (Western Australia) (14:28): My question is to the Minister representing the Minister for Defence, Senator Evans. Documents released to the Western Australian newspaper under freedom of information requests reveal that the government's publicly stated figure of over 180 wounded Australians in Afghanistan tells only a fraction of the story. More than 920 wounded and injured Australian soldiers have received compensation for amputated limbs, severe burns, bullets still lodged in flesh and major depression. Will the government commit to revealing on an ongoing basis—not relying on FOI requests—the actual numbers of wounded and injured troops returning from Afghanistan?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:29): I thank Senator Ludlam for his question. I think the senator confuses two different issues here. The Department of Defence does make available the number of troops injured in combat action in Afghanistan. As I understand it, as of 21 August 184 Defence Force personnel have been wounded. But it is the case that the Department of Veterans' Affairs has accepted approximately 2,200 compensation claims for injuries and diseases in relation to Operation Slipper, which includes the wider Middle East area operation, not just Afghanistan.

So there are two different departments and two different uses of terminology, but I am advised that the Defence information made publicly available is correct. It uses the terminology 'wounded' and relates to injuries directly related to combat. The Department of Veterans' Affairs does not use that term; it uses a much broader term. It also classifies the number of claims, which may be more than one claim by the same person. Conditions such as mental health conditions may in fact present years after deployment and therefore may create a lag time and result in a compensation claim being put long after service has been completed.

So I think there is a slight misunderstanding at the centre of the question. Defence does publicly announce all battle casualties. It does not, of course, disclose personal or identifying details of personnel. The Department of Veterans' Affairs, in its annual report, provides information on the claims it has received and the progress of those claims. I understand that the Minister for Veterans' Affairs has indicated his willingness to make more detail publicly available if he can.

Senator LUDLAM (Western Australia) (14:31): Mr President, I ask a supplementary question. I thank the minister for the answer to my question and can assure him that there is no confusion at the centre of this question. I am aware of the distinction between wounds and injuries.

The PRESIDENT: The question should be in the form of a question, not a statement.

Senator LUDLAM: Will the government provide a detailed breakdown of the types of wounds and the types of injuries sustained by soldiers in Afghanistan who have received compensation through the Department of Veterans' Affairs and the types of treatment and support offered to wounded and injured soldiers returning from Afghanistan?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education,
Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:32): I apologise to Senator Ludlam. I was not trying to suggest that he did not understand the difference; I know he has the information available to him. I was just making the point, for the Senate's benefit, that there is a distinction between the two. I understand that the Department of Veterans' Affairs, through its minister, is prepared to make more information available than is in the annual report. I think he is looking at that now. He is considering what else can be made available, bearing in mind the need to protect the privacy of Defence personnel, both those who are serving and those who have left the service. I understand, as I said, that if there is more information that can be made publicly available then the minister is prepared to do that. I will take on notice the specifics of the questions and provide information for Senator Ludlam and the Senate.

Senator LUDLAM (Western Australia) (14:33): I note that the defence minister was notified first thing this morning that I intended to ask this question, and I ask a further supplementary question. Minister, as standard practice the Department of Defence conceals the gender of wounded and injured soldiers. It was recently revealed that two of the 184 wounded Australian Defence Force personnel in Afghanistan were women. Will the government alter the current Department of Defence practice of concealing the gender of wounded and injured soldiers and provide gender disaggregated data?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:33): I would make the point to Senator Ludlam that the point I made was that the information is held by the Department of Veterans' Affairs, not the defence minister. It is a decision for the Minister for Veterans' Affairs as to what information he releases in terms of those claims. As I indicated, I will be taking those on notice. I understand that two female service personnel were injured in 2007 and that while information was provided to the public, it did not identify their gender. I understand that Defence's policy is not necessarily to comment on the gender of personnel when making comments about injuries, but I will take Senator Ludlam's question on notice and see if there is any more information I can get him as to whether or not they are prepared to consider changing that policy. But, as I understand it, normal policy is not to go to the question of gender when reporting on injuries.

Broadband

Senator STEPHENS (New South Wales) (14:34): My question is to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. Can the minister please provide an update to the Senate on the progress of the National Broadband Network's rollout across the fibre, next-generation fixed wireless and interim satellite footprints?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:35): I thank the senator for her question. Recently the Deputy Prime Minister and I were in Kiama, joined by Kiama Council's mayor, Sandra McCarthy, and their young citizen of the year, Melissa Tierney, as we went live for the trial into the Kiama Downs and Minnamurra region. Residents of the town have proved to be strong early adopters, with nearly 80 per cent consenting to have the fibre connected to their premises. Jeanette Burgess, a small business operator in Kiama, was interviewed
by ABC South East New South Wales on August 12 about her experience with the NBN already. Ms Burgess said:

Everything is so much faster. For example, yesterday I had to download some software. Well it was just like that—faster than I would have been able to get the disc out, load it onto the drive and close the drawer.

Ms Burgess also said, 'Regional Australia needs this infrastructure'—while her business is already benefiting as she uses QuickBooks Online, and that is a lot faster. She said:

But I am looking at doing remote access, logging into my clients' computers remotely and helping them fix up data in their files.

Just two weeks ago today, with the Prime Minister and the mayor of the City of Moreland in Melbourne, we had the pleasure of turning on the most recent trial site of Brunswick in Melbourne. Brunswick is the first mainland city site to have the NBN turned on. Let me take this opportunity to congratulate the City of Moreland, which has worked proactively to produce communication tools aimed at bridging the digital divide for those families who come from culturally and linguistically diverse backgrounds. Those opposite should be ashamed of themselves for continuing to oppose the NBN, for continuing to have a policy position of demolishing the NBN, because regional and rural Australia will be significant beneficiaries. Schooling, education, small business and farming communities will be the beneficiaries. (Time expired)

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:37): I am delighted to inform the Senate today that NBN Co. have announced the first five sites in rural Australia to be covered by the fixed wireless network. These five sites are in rural areas surrounding Geraldton, Darwin, Ballarat, Toowoomba and Tamworth. I expect Senator Joyce will be particularly delighted to know that in his home state of Queensland thousands of homes and businesses in rural areas around Toowoomba will have access to fast and affordable broadband, using the latest 4G technology, by the middle of next year.

But that is not good enough for Senator Joyce. Senator Joyce is intent on moving to Armidale, because he does not want to contest against Tony Windsor—he actually wants to get on the NBN quickly! Not every Australian is going to get Barnaby's choice. You could also go to Mr Macfarlane in Groom; you could always have the courage of your convictions and challenge him, Senator Joyce. (Time expired)

**Senator STEPHENS** (New South Wales) (14:38): Mr President, I ask a further supplementary question. I thank the minister for his answer. Can the minister advise the Senate on any alternative policies on the NBN rollout?

**Senator STEPHENS** (New South Wales) (14:37): Mr President, I ask a supplementary question. Can the minister please inform the Senate of the progress the government is making in securing the provision of high-speed broadband in rural, regional and remote Australia?
how many people on the other side of the chamber know about this. But that is what he has called for. He also went on to call for the introduction of vouchers for families in the bush—that's right: vouchers!

I am keen to find out whether the Nationals support treating rural and regional Australians as second-class citizens. It was not so many years ago that the Queensland Nationals, at one of their state conferences—August 2005, I believe—passed a resolution for the implementation of their five-pillar telecommunications policy. And if we look to No. 4, what does it call for? It calls for the maintenance of the price averaging basis for the cost of all new telecommunications and satellite internet connections to ensure that all Australians are charged the same basic price for maintenance and new conditions. (Time expired)

Steel Industry

Senator COLBECK (Tasmania) (14:40): Mr President, my question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. I refer the minister to the announcement today by steelmaker BlueScope Steel that it will shut down facilities at Port Kembla and Western Port, resulting in the loss of as many as 1,000 jobs. BlueScope's announcement comes on top of the 400 job losses at OneSteel last week. I also refer the minister to comments made by AWU national secretary Paul Howes that Australian manufacturing is in one of its worst periods since the Great Depression. This spells the end of Australia's steel exports. Why is now the time to introduce the additional burden of Labor's carbon tax?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:40): I thank the senator for his question. I would suggest that the senator might have more authority to ask questions about the steel industry if the Liberals in this chamber had actually supported the government's moves on a steel industry transformation scheme. You have not supported those moves. In fact, what you have proposed to do is to cut the budget by $70 billion. The result that that would produce would be to cut all the programs in science, innovation and research for a period of about seven years. That is the consequence of your policy!

Today's announcement by BlueScope, as BlueScope themselves have said, had absolutely nothing whatsoever to do with the carbon price issue—absolutely nothing to do with it whatsoever. It was entirely to do with the fact that the Australian dollar has increased by some 45 per cent in the space of two years, the resources that they have to use in their production have increased very rapidly as well and we have a massive increase in the number of imports as a result of the changes in the terms of trade which have produced such a high dollar for Australia. So to make any connections whatsoever with the carbon price is totally fallacious.

We have an opposition that, frankly, will not face up to their responsibilities to offer some advice about what they see as the future in terms of the dramatic structural changes that are occurring in Australian manufacturing. You would have thought the opposition by now would have some advice for us. How do we deal with the issue of the high dollar? How do we deal with the question of a booming resources price? What is your policy with regard to the structural changes that are occurring within Australian manufacturing? The only support you are prepared to give to manufacturing, as you see it, is to make it easier to sack workers. That is your idea of a manufacturing policy. And I am afraid that, until you actually get on board with a bit of serious stuff, it is very hard to take you seriously. (Time expired)
Senator COLBECK (Tasmania) (14:43): Mr President, I ask a supplementary question. I refer to the Prime Minister's announcement this morning of a $100 million cash injection for BlueScope Steel from the industry's carbon tax adjustment fund. Why is the government raiding the carbon tax adjustment fund before the carbon tax is even introduced?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:43): We have indicated that we are prepared to bring forward some entitlements under the Australian steel industry structural adjustment arrangements as a result of the measures we are introducing on climate change. This is a reasonable approach in the circumstances. We have this unprecedented set of conditions that relate to the steel industry. It is incumbent upon governments to work with companies, to work with workers, to work with regions to actually assist in the process of adjustment. You would have thought we would have heard more from the opposition about working to ensure that Australia is able to face up to its responsibilities. You would have thought by now this opposition might have come to terms with the fact that they actually rejected the support that we are providing to the steel industry. I am afraid it is not a position that has been taken in New South Wales, where the state government has come on board with the $30 million Innovation Investment Fund—(Time expired)

Senator COLBECK (Tasmania) (14:44): Mr President, I ask a further supplementary question. Given that the minister has presided over the loss of more than 105,000 manufacturing jobs, the worst manufacturing employment figures since current ABS records were first collected, and contractions in manufacturing activity for more than two years, will the minister now admit that the carbon tax will just make a terrible situation even worse?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:45): I have indicated to the Senate that there are global factors at work in terms of the structural adjustment that the Australian economy is going through. We are seeing the largest single structural adjustment in 50 years and we are working with companies to ensure that the economic transformation in this country is able to ensure prosperity for all Australians.

If we had taken your approach during the economic crisis, you would have seen some 200,000 fewer people employed. You opposed even the most rudimentary stimulus measures. You opposed any support for Australian industry and you still have a policy of cutting industry programs by $2 billion. Yet the Leader of the Opposition masquerades around this country as a friend of manufacturing workers. At the same time he wishes to cut the programs by $2 billion. Presumably this is part of the $70 billion cut that Mr Hockey has been advocating. We have a hypocritical opposition. A fair-weather friend—(Time expired)

Mental Health

Senator MOORE (Queensland) (14:46): My question is to the Minister representing the Minister for Health and Ageing, Minister Ludwig. Can the minister please inform the Senate about the work the Gillard government and the Council of Australian Governments are performing to address gaps in our mental health system?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:46): I thank Senator Moore for her question and her continued interest in
health issues. She has a passion for health, as does this government. The Senate will recall that the Gillard government will be delivering a $2.2 billion mental health package, as announced in the federal budget. This package of funding is targeted at addressing the mental health challenges and gaps in our health system.

This unprecedented funding for mental health requires the states and territories to play a key role in the delivery of those services. On Friday the Council of Australian Governments signed a critical national partnership agreement that will provide $200 million over five years to the states and territories to help address service gaps in accommodation and emergency department planning. This national partnership will work in conjunction with a decision from COAG to develop a 10-year roadmap for mental health reform. This roadmap will chart the path ahead for our immediate priorities by examining the mental health system and how it will be placed 10 years from now. This will allow government to prepare the priorities and order of implementing reform so that our mental health system is the one that is right for the nation and its future challenges.

The Gillard government’s mental health package announced in the budget was the largest ever delivered by a federal government. This package will identify and treat mental illness in the early years, support young people who struggle in their teens and help those who have severe and persistent mental issues and illnesses, with intensive support in the community. By signing a national partnership and agreeing on a 10-year roadmap we will be able to help achieve these crucial reforms in mental health right across the system to help those most in need. And of course it is what is needed for this country. (Time expired)

Senator MOORE (Queensland) (14:48): Mr President, I ask a supplementary question. Thank you, Minister. Can you please inform the Senate how the federal government is implementing lasting health reform right across our system for the benefit of our whole nation?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:48): I thank Senator Moore for her first supplementary question. The Prime Minister has made it clear that mental health is a national priority, correcting an area plagued by bad planning and underinvestment over the years under the Howard government.

The Senate will recall that last week I informed the chamber about the government’s landmark health reform deal struck between the Commonwealth and every state and territory. Today I can inform the Senate about the implementation of these reforms and how they are benefiting Australians in accessing and receiving better health care. We have been improving hospitals through delivery of over 70,000 extra elective surgery operations, we have increased funding, the MyHospitals website has been established and local hospital networks are up and running in New South Wales, Victoria, South Australia and the ACT. We now have a long-term reform package to increase funding, transparency, efficiency and beds. (Time expired)

Senator MOORE (Queensland) (14:49): Mr President, I ask a further supplementary question. Can you outline to the Senate any risks to this historic health agreement and the necessary ongoing support for Australia’s health system?
Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:50): I thank Senator Moore for her second supplementary question. The biggest risk to Australia's health system and patient care is the Liberal Party. Those opposite are led by a person who cut $1 billion out of the Australian health and hospital network. Not only did he cut from our health-care system but he has finally given to the Australian people an indication of his plans for the health and hospital system. It is remarkable for a Leader of the Opposition who rarely outlines his policies, but he has in this case. He has promised to do it all over again. Last week Mr Abbott told the AMA, 'If that is what I was like as a health minister you can be reasonably confident that that is what I will do as Prime Minister.'

So now we know what it would be like under the Abbott government: a $1 billion cut to hospitals, capping GP training places, no action on nursing shortages, no health reform and no investment in elective surgery or emergency departments. *(Time expired)*

Member for Dobell

Senator FIERRAVANTI-WELLS (New South Wales) (14:51): My question is to the Minister representing the Prime Minister and Minister for Tertiary Education, Skills, Jobs and Workplace Relations, Senator Evans. Is the minister aware of reports in today's *Daily Telegraph* that the member for Dobell spent $30,000 on travel and hotels for his ex-wife, $2,050 on sporting memorabilia, $1,893 on whitegoods, $175 on Margaret River wine and $354 at Strand Bags? Does the minister agree that it is inappropriate for union bosses to spend union funds which belong to union members in this way?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:52): I am aware of today's *Daily Telegraph* article—I did have an opportunity to read it. As I have indicated before, these questions do not in any way go to my ministerial responsibilities, but I would remind the senator that in terms of investigations about whether or not the Health Services Union funds have been used appropriately, there is an ongoing investigation by Fair Work Australia. They will obviously investigate any matters which they think are of concern or have been raised with them. They will follow the normal processes available to them in pursuing that investigation and taking appropriate action as they see fit. In terms of their investigation, it would not be appropriate for me to comment. But in terms of constant claims in the media...
about particular instances, clearly that has nothing to do with my responsibilities as a minister. I do not know the veracity of any of that. (Time expired)

Senator FIERRAVANTI-WELLS (New South Wales) (14:52): Mr President, I ask a further supplementary question. I refer to reports in today's Sydney Morning Herald by Philip Coorey citing a senior Labor MP who said that Mr Thomson looked him in the eye and said that he had won his defamation case against Fairfax. Given that Mr Thomson told his colleagues he was 'very happy with' the outcome of the defamation hearing, how can the Prime Minister still say that she has complete confidence in Mr Thomson?

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (14:54): I note that the senator is very well read in terms of the newspapers articles. I know that is the source of most Liberal Party research, which tends to make question time a bit predictable. I certainly do not intend to respond to allegations that somebody may have told a journalist something. That is clearly not appropriate. As I have indicated previously, I have nothing in my ministerial responsibilities that pertains to the questions asked.

Senator Brandis: On a point of order, Mr President: Senator Evans represents the Prime Minister in this chamber. The question was about the Prime Minister's assertion on three consecutive occasions last week that she has full confidence in the member for Dobell. How could that not be relevant to the minister's representational capacity?

The PRESIDENT: The minister is answering the question and has 27 seconds remaining.

Senator CHRIS EVANS: Senator Brandis is right to point out that at the end of the question Senator Fierravanti-Wells did make some reference to that. I can confirm that the Prime Minister did express her full confidence in Mr Thomson, as reported.

Senator Abetz: Great standards!

Government senators interjecting—

The PRESIDENT: Order! I am waiting to call a senator on my right!

Housing

Senator STERLE (Western Australia) (14:56): My question is to the Minister for Social Housing and Homelessness, Senator Arbib. Can the minister advise the Senate on what the government is doing to boost the supply of social housing in our country? How is this investment helping to turn around the lives of some of the most vulnerable people in our society?

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (14:56): I thank Senator Sterle for the question. Senator Abetz at the start of today's questioning talked about the achievements of the Gillard government. Social housing is one of the great achievements of the government. The largest single investment in social housing history in this country has been through the Gillard government. Right now we are building more than 21,000 new social housing dwellings across Australia. This is happening under the government's stimulus package—a stimulus package which Liberal and National party senators voted against on the other side of the chamber. There are 19,600 new social housing dwellings and around 15,700 are already complete. There are also repairs and maintenance of over 80,000 dwellings. This is on top of the $6.2 billion we provide under the National Affordable Housing Agreement to the states to help them support social
housing dwellings and also for repairs and maintenance.

One of the great outcomes is that at least half of these 21,000 homes are going to people who are homeless or are at risk of homelessness. Overall, the investment will provide much-needed housing for around 34,000 Australians. Under the National Partnership Agreement on Homelessness A Place to Call Home program we have invested in 600 supported accommodation dwellings for those who are homeless or at risk. This is on top of the 180 new or expanded homelessness services we are rolling out across the country.

In one week from today, it will be the one-year anniversary of Common Ground in Melbourne, a very innovative program taken from New York. In one year, it will house 65 people. It is not just stopping in Melbourne; this will go across the country. Overall, we are funding six Common Ground facilities and also nine youth foyers across the country. This is real achievement in housing and it is happening right now. (Time expired)

Senator STERLE (Western Australia) (14:57): Mr President, I ask a supplementary question. Can the minister please outline to the Senate what the future need for social housing will be and are there any risks that need to be addressed in terms of the future of social housing?

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (14:58): We have projected a need for additional social housing of 93,000 dwellings by 2023. Obviously a great deal of pressure is on the system through the ageing of the population, but we are also playing catch-up because the previous Howard government provided no extra funding for social housing but ripped funding out of the social housing system, cutting $3.1 billion from social housing when they were in government. This led to a loss of 33,000 social housing homes across Australia. They opposed the stimulus—19,600 homes—and of course they had no housing minister and they played the blame game: just blame the states. What will happen again, now we know they have got a $70 billion hole? They will go straight back to housing and take money straight out of the housing system. They have no commitment to housing. It will be the first place they raid. (Time expired)

Senator STERLE (Western Australia) (15:00): Mr President, I ask a further supplementary question. What examples are there of communities working together in social housing, and how can we ensure that this effort continues strongly? Are there any risks that need to be guarded against with this effort continuing?

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (15:00): We have been working as a government very closely with the community housing system, with about 1,000 community housing providers around the country, and working with the states, with the stimulus, and we have seen probably the biggest increase in community housing since the stimulus. As a sector, it now represents about 40,000 social housing dwellings. This sector relies on money that comes out of the National Affordable Housing Agreement, money that goes to the states to fund the public housing system. We know, from the previous form of the Howard government—and they are sitting on the other side there—that, when the Liberal Party have to find that $70 billion, they will go straight to housing. They will take money out of the National Affordable Housing Agreement. They will take money out of the
National Partnership Agreement on Homelessness. They will take money out of the Reconnect program. They have form, because they did it last time—$3.1 billion, and not one Liberal senator across there complained about it. *(Time expired)*

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

**QUESTIONS WITHOUT NOTICE:**

**ADDITIONAL ANSWERS**

**Member for Dobell**

**Senator CHRIS EVANS** (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) *(15:01):* I seek leave to incorporate a response to a question from Senator Ronaldson that I took on notice last Wednesday, 17 August.

Leave granted.

*The answer read as follows—*

I provide the following additional response to Senator Xenophon's questions without notice from Thursday, 18 August 2011.

1. **Closer Economic Relations**
   a. If New Zealand sought World Trade Organisation authorisation to retaliate in relation to any non-compliance aspect following on from the apples dispute, the WTO’s Dispute Settlement Body would only consider the parties' rights under the WTO Agreement.
   b. There is no provision in the ANZCERTA (Australia New Zealand Closer Economic Relations Trade Agreement) that derogates from the parties' rights and obligations under the WTO Agreement.

2. **Fire Blight**
   a. I am advised that in New Zealand apple producers use two agents as a prophylactic measure for fireblight.
   b. The first is Streptomycin, which is registered by the Australian Pesticides and Veterinary Chemicals Authority (APVMA) for use in the Australian food chain but would require further registration to be used in horticulture production. Registration processes could be commenced by an applicant at any time.
   c. The second is a biological control called Blossom Bless. I am advised that Blossom Bless, which can also be used in the organic production chain, is as effective as Streptomycin and generally more frequently used than Streptomycin in New Zealand. Blossom Bless is not registered for use in Australia in horticulture production. Registration processes could be commenced by an applicant at any time.
   d. Registration of any pesticide or veterinary chemical is a matter between either a manufacturer or user group and the APVMA.
ANSWERS TO QUESTIONS ON NOTICE
Questions Nos 246 and 288
Senator HUMPHRIES (Australian Capital Territory) (15:02): Pursuant to standing order 74(5), I ask the Minister representing the Minister for Trade for an explanation as to why answers have not been provided to questions 246 and 288, asked in November 2010. I gave the representative of the Minister for Trade notice of this question. I notice he is not here.

The PRESIDENT: Senator Ludwig, do you wish to respond?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Flooding Recovery) (15:03): We take these matters seriously, and a response to your question will be made in due course. I suspect you are going to take note of my answer, but the opposition are now using this process to extend the time—

Senator Cormann: Well, you're not answering questions!

Senator Payne: If you answered questions, we wouldn't have to!

Senator LUDWIG: There is a lot of yelling from those opposite, but we can move to taking note and it is an appropriate time to do that. You will otherwise delay your own side and ours from taking note. I have provided an answer in relation to this question—that, as soon as we can provide the answer to the question, then I will seek a response from Senator Conroy. Senator Conroy is not here at the moment to be able to respond. I do understand that you have given notice, but nonetheless I am taking the opportunity to make the point. I understand it is your right to raise it, but I do think that it is, in a limited way—

Senator Abetz: This isn't a point of order. You don't have to talk to wind down the clock!

Senator LUDWIG: No, no. It is, in a limited way, a response. However, I do note that in using this—

Senator Brandis: The government has set a new low!

Senator LUDWIG: The only low is the one you set today, Senator Brandis.

Senator HUMPHRIES (Australian Capital Territory) (15:04): I move:

That the Senate take note of the explanation.

I am not sure if that can really be called an explanation. I appreciate Senator Ludwig was caught on the hop by the fact that Senator Conroy, who was given notice of this matter, was not in the chamber, but his explanation hardly warrants that description. This is a process laid down in the standing orders for senators to be able to find out why questions have not been answered. Those questions were asked nine months ago. I think senators are entitled to answers to those questions well within that nine months, particularly given that the same question, effectively, was asked of a number of other ministers. Thirty days is how long they have to answer these questions. Senator Ludwig, as Minister for Agriculture, Fisheries and Forestry, was able to answer his same question to that effect on 12 January, only two months after it was asked. Other ministers were able to answer in January, February and March, but this minister seems to have taken nine months in order to do so. I think the Senate is entitled to know why. This is the appropriate time to raise it. It is the appropriate form to raise it in. I suspect any senator who has had to wait nine months for an answer to a question would be very keen to raise the question, as I have done. I
think, with respect, that to tell the Senate that you will have an answer 'in due course' is not within the spirit of standing order 74(5), which provides for questions to be explained to the Senate at this point in the day's proceedings if answers have not been provided in a timely way.

Question agreed to.

QUESTIONS WITHOUT NOTICE:
TAKE NOTE OF ANSWERS

Member for Dobell

Senator BRANDIS (Queensland—Deputy Leader of the Opposition in the Senate) (15:06): I move:

That the Senate take note of the answers given by the Minister for Sport (Senator Arbib) and the Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate (Senator Evans) to questions without notice asked by Senators Ronaldson and Fierravanti-Wells today relating to the House of Representatives Member for Dobell, Mr Thomson.

Last week, on three consecutive days during question time, the Prime Minister asserted her full confidence in the member for Dobell, Craig Thomson. She asserted that Mr Thomson was, in her opinion, doing a fine job. She asserted that she hoped that Mr Thomson would remain in parliament for many years to come. By that very act, she made the integrity of Craig Thomson the standard of the integrity of her own government. She made the credibility of Mr Thomson's denials the standard of the credibility of her own government. Mr Thomson's credibility and integrity are now the very slender threads by which the Gillard government hangs.

One thing that has emerged as a feature of this burgeoning and rather distasteful scandal has been the way in which the New South Wales branch of the Australian Labor Party was forced to try to cover up what was going on during Mr Thomson's days as the national secretary of the Health Services Union by paying his costs and the costs of the defendant, Fairfax Media Pty Ltd, in the defamation claim that he commenced against them—perhaps the most disastrous defamation action since Oscar Wilde sued the Marquess of Queensberry. It has now been revealed by Mr Thomson's belatedly lodged declaration of interests that more than $150,000 from the New South Wales branch of the Australian Labor Party was provided to Mr Thomson to settle that case. Although Mr Thomson claimed that the matter had been resolved on his terms, we know that was not true; we now know that the action was discontinued and he had to pay Fairfax's lawyers' costs. We also know, as has now been disclosed, that the Minister for Sport and the former general secretary of the New South Wales branch of the Australian Labor Party, Senator Mark Arbib, was the central figure in organising that very shabby deal.

Like me, Mr Deputy President, you were present before the winter recess when we heard the valedictory speech of former senator Steve Hutchins. In his parting words, former senator Steve Hutchins was at pains to remind the Senate of the depth of the sleaze, corruption and dishonesty that is the rotten core of the New South Wales branch of the Labor Party, particularly the New South Wales Right—the area of Australian politics of which the member for Dobell is a protege and a favourite son. Who is the other protege and favourite son of the New South Wales Right? The former general secretary, Senator Arbib, who brokered the deal. So the Gillard government and Prime Minister Gillard herself are not only tied, hand and foot, to the integrity of Craig Thomson but also bound, hand and foot, to the integrity of the New South Wales Labor Party machine—the machine that former senator Steve Hutchins described in such palpable
and descriptive terms in his parting words to the Senate. Let the Prime Minister be judged by the standards of Mark Arbib and the New South Wales Right.

Senator CROSSIN (Northern Territory) (15:11): I just want to remind the Senate that Minister Arbib answered the questions put to him during question time today. In fact, he reiterated that the questions were not within his area of portfolio responsibility as the Minister for Sport and his answers are on the record. I am going to take this opportunity to take note of Senator Evans' answer to the first question that Senator Abetz asked him today—that is, the record of the Gillard Labor government.

Senator Brandis: Mr Deputy President, on a point of order: there is a question before the chair. The question is that the Senate take note of two nominated answers to two nominated questions. Senator Crossin is not at liberty to raise other questions which are not the subject of the question before the chair.

The DEPUTY PRESIDENT: Senator Crossin, I do remind you of the question. The motion is that the Senate takes note of the answers given by Senators Arbib and Evans in response to questions by Senators Ronaldson and Fierravanti-Wells.

Senator CROSSIN: That is the problem that we have in this chamber. We have on record the answer from Minister Arbib where he quite clearly said that the questions asked of him did not come within his area of portfolio responsibility. Therefore, what we really have is an opposition that are not prepared to debate the real policy issues, because they have no policies—that is the issue. What I was trying to helpfully do was redirect the opposition's attention to matters of substantial policy—the issues to which Minister Evans referred to today in his answers—but instead we are going to spend half an hour debating answers to questions which Minister Arbib repeatedly said he could not answer because they did not come within his area of portfolio responsibility. What we have is an opposition that cannot ask any questions at all about sport. They have never asked any questions at all about how fantastically well the Australian netball team did in Singapore to win an international trophy. They cannot ask any questions at all about how fantastically well the cycling community is doing—

Senator Brandis: On a point of order, Mr Deputy President: Senator Arbib did not say that he could not answer those questions; he said that he would not answer those questions.

The DEPUTY PRESIDENT: Senator Brandis, we are moving into a debating point.

Senator Ludwig: I will just say on the point of order that there is no point of order. Senator Brandis is now debating the point.

The DEPUTY PRESIDENT: Thank you, Senator Ludwig. Senator Crossin is now addressing the question, after being reminded a first time.

Senator CROSSIN: What I am trying to highlight again is that the opposition have no matters of policy they want to debate, because they are a policy-free zone. They have time and time again shown to us in this community, particularly in the last 12 months, that all they are good at is saying no, no, no. They have no positive policies at all, except of course that if they got elected they would rip $70 billion out of the coffers of the federal government. In order to do that they would need to cut services, cut public service jobs, cut access to Medicare, cut access to pension payments, cut access to the family tax benefits and cut access to programs. So what they want to do is ensure that we talk about anything in this chamber
except their policies, because they have none. They cannot come up with anything at all that they could use to get out there and positively say to the Australian public: 'If we were elected as a government, this is what you could get from us as a benefit.' They are saying, 'In fact, all you are going to get from us is a ripping away of $70 billion of services and benefits that are already provided.' So this opposition is going to go to any lengths, any means at all, to ensure that we debate anything other than alternative policies, because there are no alternative policies.

So what are their alternative sports policies? I do not think I have heard the opposition ask Senator Arbib one question in relation to his sports portfolio—not one question, as I said, about the Australian netball team's triumph in Singapore, not one question at all about the cycling fraternity's success or celebrating Cadel Evans's success in France, not one question at all about World Cup soccer, not one question at all about what the AFL are doing to promote the game overseas. There have been no questions about sport at all from the opposition to Senator Arbib, and how disappointing is that? I think once upon a time—

Senator Brandis: I never got a single question all year when I was the minister for sport.

Senator CROSSIN: History will tell us that Senator Brandis was the minister for sport once upon a time, so you would think he would be in the best position to now be able to ask Senator Arbib a whole raft of questions in relation to his portfolio of sport, but there have been none—not questions, not at all. Maybe they do not care about sport. Maybe they do not care about the contribution of sporting fraternities and clubs to our community.

Senator Fifield: You've got to keep it going for another 30 seconds. Come on! You can do it!

Senator CROSSIN: I can certainly do it. I am happy to stand here and debate you all day, every day and every minute of every day. I find that speaking for five minutes is totally easy because all we have to do is reiterate time and time again that you cannot ask questions of decency in this chamber. You cannot ask questions of policy as an opposition. You have to scramble in the race to the bottom— (Time expired)

Senator RONALDSON (Victoria) (15:17): I also rise to speak on the motion that the Senate take note of the answers of Senator Arbib and Senator Evans. I want the record to show that in five minutes the name that was not mentioned by the good senator was that of the member for Dobell. Not one second was devoted to defending the member for Dobell. There was not even the mention of his name in five minutes.

Senator Brandis: The member that dare not speak his name!

Senator RONALDSON: Exactly, Senator Brandis. What we saw today, and in fact we saw it in relation to Mr Thomson's defamation proceedings and we saw it again with Senator Arbib and with the Prime Minister in the other place today when the Manager of Opposition Business moved a motion for Mr Thomson to come in and make an explanation, is that every time the key players in this debacle, this murky affair, are given the opportunity to come and defend themselves they refuse to do so. The member for Dobell wrote to his colleagues prior to the defamation proceedings being discontinued where he had to pay the costs—so two and two still equals four—and said: 'I am innocent of these matters. I am completely innocent.' We had a media report today where the member for Dobell looked a
senior New South Wales ALP figure in the eyes and said, 'I didn't do it.' The member for Dobell had the opportunity in court to have his view of these claims tested and he squibbed it.

Senator Arbib had some extremely grievous allegations made against him over the weekend in various newspapers. Today he had two minutes to answer every one of those claims. You would think that if Senator Arbib were not guilty as charged he would have taken those two minutes, and then the next minute and the next minute after that, to say, 'I am not guilty of these charges.' Did he do so? No, he did not. Did he have the opportunity to clear his name today? Yes, he did. Has he had the opportunity since the weekend to clear his name in relation to these charges? Yes, he has. He has chosen not to do so.

Every single person listening to this debate in the last week knows that this matter has gone from the seat of Dobell to the seat of power in this country. This matter has gone from Mr Thomson to the Prime Minister. Everyone in this chamber knows that it is completely untenable for the Prime Minister of this country to make a claim as late as last Monday afternoon that she had not had any in-depth discussion with Mr Thomson in relation to this matter. This has been in the public domain for in excess of 12 months. This involves one of her own members of parliament being accused of misappropriating funds. Misappropriating funds is about as serious an allegation as you can make against an elected member of parliament, and she was trying to tell the Australian people that she had not had, to use her words, 'detailed discussions' with Mr Thomson about this matter as late as last Monday.

There are two reasons for that. There can only be two rational reasons: either she is going to defend this man to the absolute death to maintain her position as Prime Minister or she did not want to be told the truth because she might have been forced to act against him. There was a demonstration outside this place today. It was a demonstration by people who have spent thousands upon thousands of their own money to come here and protest against the way this country has been run, to protest against the behaviour of the Prime Minister of this country. It is completely inappropriate and continues to be completely untenable for the leader of a political party to sit back and watch a member destroy her party. It is unbelievable that the Prime Minister of this country will sit back and watch a member tear her prime ministership apart as well. The Prime Minister has no choice but to act. The Prime Minister is now completely and utterly implicated in the payment of money by the New South Wales branch of the Labor Party to Mr Thomson to protect him from bankruptcy and it is about time she came clean.

Senator FURNER (Queensland) (15:23): I rise this afternoon to partake in this debate on taking note of those answers that have been provided to questions asked of Senator Evans and Senator Arbib. The previous government senator spoke about the need for discussing policy in this chamber. I think that is quite a relevant matter on this particular date and at this time. Senator Ronaldson spoke about protesters out on the lawns of Parliament House, claiming they were protesting about certain issues they have with this government. Surely they have also come here to listen to what policy the opposition has? When it comes to policy, we hear silence. Those policies that they have put forward are not going to deliver.

If I reflect on one of their policies on climate change, it is going to deliver nowhere near its intention and what is
claimed. In fact, we know now it will cost this country $70 billion. There is a $70 billion black hole created by those opposite as a result of their thoughts on creating a policy on how they will deal with climate change. That is the sad reality in this particular matter. When it comes to Mr Thomson, I do not know a great deal about this gentleman—

Senator Fifield: Never met him!

Senator FURNER: but I do know some of the work that he has achieved—

Senator Brandis interjecting—

The DEPUTY PRESIDENT: Order! Senator Furner, can I ask you to resume your seat for a moment. Senators on my right have given a fair hearing to senators on the left, so I ask senators on my left to do the same for Senator Furner.

Senator FURNER: I do know a bit about his work in the time that he has been in parliament. I would like to reflect on his work as the Chair of the House of Representatives Standing Committee on Economics. One particular inquiry I had an interest in was on the bill—and it was certainly a bill that was well defeated in this chamber—to overturn Queensland legislation dealing with the wild rivers declaration. If you recall, we as a government were quite successful, with the support of former Senator Fielding, in opposing a private member's bill of Mr Tony Abbott and, I think, a senator from the Northern Territory. Mr Thomson quite comfortably, appropriately and competently dealt with the inquiry on that particular matter and demonstrated the commitment and the respect that he has from this government to lead such committee. It is important that people have the opportunity to understand that his work has been appropriately achieved and has been respected by this parliament.

One of the telling points about policy of the opposition was made by one of their senators, Senator Helen Coonan, who I do have a degree of respect for. I have witnessed some of the work that she has done in some of the inquiries that I have been involved in. In an interview last Thursday she was questioned about the likelihood of an election some years down the track and she took a poignant position on the need for the opposition to start rolling out policy. If that poignant point she made an issue about is the case, I would wonder why she is resigning from the Senate. Surely, if there is a need to create policy as an opposition, now is the time to have people like Helen Coonan in this chamber to put forward good policy as the alternative government? But that is not going to be the case because she is leaving this place, and that tells a story about the opposition. There is no opportunity for them to deliver on policy.

We know some of the policy that they have put forward is going to cost this country $70 billion and no doubt cost jobs. It is already out there in the media that the opposition are going to sack 12,000 public servants. We already know because it is on the record in the media that they are not going to discount making some changes to the pension. These are the policies that they are not putting forward but that we hear about in the media. That is where they deliver their policies—in the media. They do not come into this chamber and debate them. They do not come into this chamber and put forward policy that can be debated. They put it out in the media. We should not ever forget the underlying policy that brought them to defeat in the last election, and that was Work Choices. We know that is going to be on the agenda next time around to strip away workers' rights and conditions. (Time expired)
Senator FIERRAVANTI-WELLS (New South Wales) (15:28): Wasn't that a sterling defence? I would love to have Senator Furner on my side! I would like in the time available to me to reflect somewhat on the member for Dobell. I have gone back to read his maiden speech. His maiden speech is very interesting because it tells us a lot about the member for Dobell.

Senator Brandis interjecting—

Senator FIERRAVANTI-WELLS: I will not go there, Senator Brandis, on the issue of maidens! The speech starts off—surprise, surprise!—by saying:

At this stage, I need to acknowledge the fantastic advice and assistance I received from—none other than—Mark Arbib, Karl Bitar and Sam Dastyari from the New South Wales ALP head office.

Of course Senator Arbib is the most likely person for the member for Dobell to have consulted with on this issue. If I had to put my money on the person who is most likely to have brokered the deal to pay the legal costs then I think that I would be safe in putting my money on Senator Arbib.

Of course, there are a number of other issues. I know that Senator Ronaldson and Senator Brandis have been pursuing these matters, but it is interesting to note, just on the legal costs, the belated declaration in the register of members interests that:

In May 2011, the Australian Labor Party (New South Wales Branch) paid a sum of money this in settlement of a legal matter to which I was a party …

We have seen reports of $40,000, we have seen reports of $90,000 and we have seen reports of $150,000. But the person who could actually tell us how much the legal fees really were—they could be $150,000, they could be $200,000, they could be a quarter of a million dollars—is most likely, given what we have read in the newspaper, to be Senator Arbib. Not much happens in the New South Wales Right without Senator Arbib knowing about it or being the puppet master. He may now be quietly tucked away in sport and recreation, but he is still pulling some of those strings.

Senator Ronaldson: Absolutely.

Senator FIERRAVANTI-WELLS: Absolutely, Senator Ronaldson.

Senator Brandis: We know what his recreation is!

Senator FIERRAVANTI-WELLS: Yes. Then we have Mr Dastyari. Senator Arbib has referred us to the New South Wales Right. Mr Dastyari, tell us the deal that was brokered. Tell us how many people in head office actually know. There is not only Mr Dastyari, who runs the show there, there are also the financial controllers and the assistant secretaries—somebody must have authorised this money. Come clean and tell us how much it was and who did the deal.

In my remaining time, I will reflect on one other aspect of the maiden speech of the member of the Dobell. He was pontificating. He was having a go at the Howard government, talking about messages. He was having a go at the Howard government because of its workplace policies. He said:

I started by saying that the language we use as politicians should be simple, straightforward and honest, easy to understand—childlike, one might say. That had me thinking about messages we teach our children as to what is good and bad, from an early age. A lot of these messages are based on our religious beliefs.

He told us that we should:

Do unto others as you would have them do to you.

He also told us:

If you have done the wrong thing, say you are sorry.
Well! Then he went on to talk about aged-care staff and healthcare workers, and how they are downtrodden. Mr Thomson, how do you think they feel about their hard earned union fees being used in this manner? Their fees have been trawled through and totally misappropriated. They have been used in brothels, been used for trips, been used for all sorts of things. How do you think those workers feel, today? You keep talking about standing up for the workers, but this is an absolutely appalling example. The Prime Minister needs to answer some serious questions. *(Time expired)*

Question agreed to.

**Afghanistan**

**Senator LUDLAM** (Western Australia) (15:33): I move:

That the Senate take note of the answer given by the Minister for Tertiary Education, Skills, Jobs and Workplace Relations (Senator Evans) to a question without notice asked by Senator Ludlam today relating to information concerning Australian troops injured in Afghanistan.

I would like to create a short break in this fairly dismal spectacle, if I may, to address the questions that I put to the Minister representing the Minister for Defence about some very good investigative work that has been done by the *West Australian* newspaper, by one particular journalist who established the true human cost of the war in Afghanistan. Keep in mind, of course, that I am referring only to those Australians who are killed or injured in the war. We have only the vaguest ideas of the enormous and indeed catastrophic human cost of the war in Afghanistan on the Afghan people.

It surprised me, and I think it should be quite chilling for all members of this chamber, to realise that we have only a very poor idea of the cost of the war to Australian service personnel. The government's publicly stated figure of personnel wounded in Afghanistan stands at about 184, but the true number of personnel whose compensation claims have been paid out and who are acknowledged to have been wounded and are, as Senator Evans correctly pointed out, in the category of injured is more than five times greater. The cost to Australian men and women who have been sent into this war zone is more than five times greater than the Australian public realises. This is something that we need to sit up and take notice of.

This is not about an anti-war stance a pro-war stance. I recognise that, although I may be with the majority of public opinion in wanting to return the troops home, I am as yet in a minority in this chamber on getting Australian troops out of Afghanistan. This is not about that. This is about doing justice to the people that we put in harm’s way, it is about acknowledging again that parliament does not have that power, because the executive has reserved that to itself, and it is about at least having the honesty to face up to the people who are damaged and whose lives are broken. We are still paying out on war pensions from World War I—from nearly a century ago. That is how long these impacts last and how long they impact on people and families. Many of the people who come home from Afghanistan are forgotten. They deserve better. They deserve acknowledgement by this chamber and by the people of Australia and they deserve not to have their claims fall on the definition of whether they were diagnosed with an injury at the time or whether it was diagnosed on their return to Australia, particularly if the number is more than five times greater than we were aware of.

I appreciate that the minister has accepted and undertaken to review the way that we report on wounding and injury statistics in Afghanistan. That should happen as soon as possible, so that it does not have to fall to journalists submitting freedom of
information requests for this information to come to light.

The other issue that I put to the Minister representing the Minister for Defence was that of reporting gender disaggregated data, so that we know when it is women who are killed or injured. We have discovered that we do not know, because at the moment that is not reported. I raise something that the minister and the chamber might not have been aware of. In 2000, the UN Security Council unanimously adopted Security Council resolution 1325 on women, peace and security. That resolution has direct relevance to the question I put to the minister this afternoon. Resolution 1325 was a watershed political framework that makes women and a gender perspective relevant to negotiating peace agreements, planning refugee camps and peacekeeping operations and reconstructing war-torn societies. It is about the impact of war on women. It makes the pursuit of gender equality relevant to every single Security Council action, ranging from mine clearance to elections, to security sector reform. Australia participated in the debate prior to the adoption of the resolution. Just this week the government made an announcement of its intention to generate a national action plan, as over 20 countries have already done. It is very welcome indeed. But what the government will find is that it will need to start providing gender disaggregated data.

I asked the minister today why the government does not disclose the number or gender of wounded and injured personnel in Afghanistan. It must begin to do so. The Security Council resolution noted the need to consolidate data on the impact of armed conflict on women and girls, and that is the key sentence that links the preamble of that document with the operative paragraphs. The entire document hinges on having gender disaggregated data so that we can understand the impact. The whole resolution is couched in terms of there not being enough information available to the international community on the different impacts of conflict on women and men or on the different contributions that women and men play in peace building and in warfare.

That is why the government must alter its information recording and disclosure habits. I was pleased that Senator Evans indicated that the government would at least consider the disaggregation of data by gender this afternoon. Gender disaggregated data makes the different experiences of men and women more visible and it makes it possible to continually review gaps and challenges in order to eliminate gender biases in national policies and interventions. If we are to come to grips with the horror that has been unleashed in Afghanistan in all of our names, even though the parliament was not able to take a vote on that matter, at least let us know what is occurring. (Time expired)

Question agreed to.

PETITIONS

The Clerk: A petition has been lodged for presentation as follows:

Medicare

To the Honourable President and Members of the Senate in Parliament assembled:

This petition by formulated by the nascent Australian Doctors Union representing it membership.

That we are aware that hundred of doctors have been seriously penalized, medical practices closed, and consulting hours seriously reduced by the apparently arbitrary use of the audit and investigative powers of Medicare Australia and its associated entities Professional Services Review (PSR), the Determining Authority (DA) and the Medicare Participation Review Committee (MPRC) in the absence of meaningful medical accountability of the PSR instrument and in real and present peril of denial of natural justice under its jurisdiction. The PSR
determination may be so misconstrued as to fly in the face of all relevant specialist and expert opinion, substantially due to over-reliance on non-evidenced based medicine and on uninformed statistical analysis resulting in significant damage to the individual doctor, the medical profession and the delivery of quality medical services to the Australian public:

We the undersigned would therefore respectfully request that the Senate takes urgent steps to:

(1) Conduct a Full Senate Enquiry into all operating procedures relating to Medicare / PSR / DA / MPRC audit processes for evidence of nett value to our community with all due speed;

(2) Halt prosecutions currently underway at whatever stage of development by such bodies to be curtailed immediately pending the outcomes and findings of such enquiries.

We the undersigned support this petition:

by Senator Back (from 1,986 citizens).

Petition received.

NOTICES

Presentation

Senator Bob Brown to move on the next day of sitting:

That the Senate upholds the democratic principle that consumers should be free to buy or not buy goods based on personal ethics.

Senator Singh to move on the next day of sitting:

That the Joint Standing Committee on Treaties be authorised to hold a public meeting during the sitting of the Senate on Monday, 12 September 2011, from 10.30 am to noon.

Senator Singh to move on the next day of sitting:

That the Joint Standing Committee on Migration be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 14 September 2011, from 10.30 am to noon.

Senator Stephens to move on the next day of sitting:

That the Joint Standing Committee on the National Broadband Network be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Tuesday, 23 August 2011, from 6 pm.

Senator Crossin to move on the next day of sitting:

That the time for the presentation of the report of the Legal and Constitutional Affairs Legislation Committee on the Patent Amendment (Human Genes and Biological Materials) Bill 2010 be extended to 21 September 2011.

Senator Marshall to move on the next day of sitting:

That the Education, Employment and Workplace Relations Legislation Committee be authorised to hold a public meeting during the sitting of the Senate on Tuesday, 23 August 2011, from 7 pm, to take evidence for the committee’s inquiry into the provisions of the Safety, Rehabilitation and Compensation Amendment (Fair Protection for Firefighters) Bill 2011.

Senator Marshall to move on the next day of sitting:

That the Senate—

(a) notes:

(i) the opening statement made by the President of Fair Work Australia on 1 June 2010 during his appearance at an estimates hearing of the Education, Employment and Workplace Relations Legislation Committee, and

(ii) in particular, the request made in that statement that the Senate reconsider its order of 28 October 2009 which requires that, on each occasion on which the Education, Employment and Workplace Relations Legislation Committee meets to consider estimates in relation to Fair Work Australia, the President of Fair Work Australia appear before the committee to answer questions; and

(b) modifies the order of 28 October 2009 by indicating that the Senate expects that the President of Fair Work Australia will appear should his or her presence be requested by
the Education, Employment and Workplace Relations Legislation Committee in the future, while relaxing the requirement that the President attend to answer questions on all occasions when the Education, Employment and Workplace Relations Legislation Committee meets to consider estimates in relation to Fair Work Australia.

Senator Humphries to move on the next day of sitting:
That the time for the presentation of the report of the Legal and Constitutional Affairs References Committee on the agreement between Australia and Malaysia in relation to asylum seekers be extended to 11 October 2011.

Senator Siewert to move on the next day of sitting:
That the Community Affairs References Committee be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Thursday, 25 August 2011, from 1 pm.

Senator Siewert to move on the next day of sitting:
That the time for the presentation of the report of the Community Affairs References Committee on the Professional Services Review Scheme be extended to 12 October 2011.

BUSINESS

Leave of Absence

Senator McEWEN: by leave—I move:
That leave of absence be granted to Senator McLucas from 22 August to 25 August 2011, for personal reasons.

Question agreed to.

Senator KROGER: by leave—I move:
That leave of absence be granted to the following senators:
(a) Senators Bushby and Boyce for 23 August 2011, for personal reasons; and
(b) Senators Eggleston and Scullion for 25 August 2011, on account of parliamentary business.

Question agreed to.

COMMITTEES

Scrutiny of New Taxes Committee

Meeting

Senator CORMANN: by leave—I move:
That the Select Committee on the Scrutiny of New Taxes be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Tuesday, 23 August 2011, from 1.45 pm.

Question agreed to.

Education, Employment and Workplace Relations References Committee

Reference

Senator SIEWERT: I move:
That the following matter be referred to the Education, Employment and Workplace Relations References Committee for inquiry and report by 22 November 2011:

The administration and purchasing of Disability Employment Services (DES) in Australia, with particular reference to the Government's 2011-12 budget announcement to undertake a competitive tender of the Disability Employment Services – Employment Support Services program for contracts with a performance rating of 3 stars and below under the Department of Education, Employment and Workplace Relations' DES Performance Framework, including:

(a) the impact of tendering more than 80 per cent of the current DES on the clients with disability and employers they support under the current contracts;

(b) the potential impact of losing experienced staff;

(c) whether competitive tendering of more than 80 per cent of the market delivers the best value for money and is the most effective way in which to meet the stated objectives of:

(i) testing the market,
(ii) allowing new ‘players’ into the market, and

(iii) removing poor performers from the market;

(d) whether the DES Performance Framework provides the best means of assessing a provider’s ability to deliver services which meet the stated objectives of the Disability Services Act 1986 such as enabling services that are flexible and responsive to the needs and aspirations of people with disabilities, and encourage innovation in the provision of such services;

(e) the congruency of 3 year contracting periods with long-term relationship based nature of Disability Employment Services – Employment Support Services program, and the impact of moving to 5 year contract periods as recommended in the 2009 Education, Employment and Workplace Relations References Committee report, DEEWR tender process to award employment services contract; and

(f) the timing of the tender process given the role of DES providers in implementing the Government’s changes to the disability support pension.

Question agreed to.

DOCUMENTS

Act of Grace Payments

Order for the Production of Documents

Senator CORMANN (Western Australia) (15:42): I move:

That the Senate—

(a) notes that the Government has refused to provide an answer to question on notice no. 671 regarding act of grace payments without properly raising a claim of public interest immunity; and

(b) orders that there be laid on the table by noon on Tuesday, 23 August 2011, all information about:

(i) the number of act of grace payments approved by the Minister since 24 November 2007 where the department recommended against approval, and

(ii) the reason for approval, the date of approval and value of each of the above act of grace payments.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (15:42): by leave—I move an amendment:

Paragraph (b)(i), omit “2007” substitute “1996”.

Senator CORMANN (Western Australia) (15:43): I seek leave to make a brief statement.

The DEPUTY PRESIDENT: Leave is granted for two minutes.

Senator CORMANN: I thank the Senate. I do not have any objection in principle to the amendment that has been moved by Senator Bob Brown. Incidentally, the amendment was not communicated to me as the mover of the motion before the Senate sat today. For the information of the Senate, this matter arose during Senate estimates and it relates to the specific issue of the responsible minister approving act of faith payments when acting against the advice of the department. The question on notice had been on the Notice Paper for more than 70 days by the time the government finally provided an answer which was not to provide an answer. Effectively, the government said, ‘Well, we’re not going to answer that question,’ which is, of course, why I have moved this motion today. The scope in time which Senator Brown has moved in his amendment is so large that I suspect the government will take that as another excuse as to why it will not be able to comply with providing the information that was originally sought. We have been trying to seek this information for the last 75 days now. Perhaps the Greens could move a separate motion along those lines if they are genuinely interested in information going all the way back to 1996. I am concerned that the government is going to use this as an
excuse in the context of workload not to provide any information at all. Maybe the Greens could think about a more reasonable time frame—perhaps going back three or four years prior rather than going back 11½ years. But on that basis I would argue against the amendment, just because it actually prevents us from getting the information we have now been trying to get out of this government for the last 75 days.

The PRESIDENT: The question is that Senator Brown’s amendment to the motion moved by Senator Cormann be agreed to.

The Senate divided. [15:49]

(The PRESIDENT—Senator the Hon. JJ Hogg)

Ayes......................36
Noes......................32
Majority..............4

AYES

Arbib, MV
Bilyk, CL
Brown, RJ
Cameron, DN
Carr, KJ
Collins, JMA
Crossin, P
Di Natale, R
Farrell, D
Faulkner, J
Feeney, D
Furner, ML
Gallacher, AM
Hanson-Young, SC
Hogg, JJ
Ludlam, S
Ludwig, JW
Lundy, KA
Marshall, GM
McEwen, A (teller)
Milne, C
Moore, CM
Polley, H
Pratt, LC
Rhiannon, L
Sherry, NJ
Siewert, R
Singh, LM
Stephens, U
Sterle, G
Thistlethwaite, M
Urquhart, AE
Waters, LJ
Wright, PL

NOES

Heffernan, W
Brown, CL
Johnson, D
Birmingham, SJ
Kroger, H (teller)
Bushby, DC
Madigan, JJ
Colbeck, R
McKenzie, B
Cormann, M
Parry, S
Edwards, S
Fawcett, DJ
Fifield, MP
Scullion, NG

NOES

Humphries, G
Joyce, B
Macdonald, ID
Mason, B
Nash, F
Payne, MA
Ryan, SM
Williams, JR

PAIRS

Conroy, SM
Abetz, E
Evans, C
Boyce, SK
McLucas, J
Xenophon, N
Wong, P
Brandis, GH

Question agreed to.

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

Question agreed to.

MOTIONS

Amendment to Standing Orders

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (15:52): I move:

That standing order 104, relating to the correction of divisions, be amended to read as follows:

104 Correction of divisions

(1) If there is misadventure, or in case of confusion or error concerning the numbers reported (unless it can be otherwise corrected), the Senate shall proceed to another division.

(2) A division under this standing order must be taken as early as is convenient.

Question put.

The Senate divided. [15:57]

(The PRESIDENT—Senator the Hon. JJ Hogg)

Ayess............36
Ayes......................9
Noes......................49
Majority..............40

AYES

Brown, RJ
Di Natale, R

Back, CJ
Birmingham, SJ
Boswell, RLD
Bushby, DC
Cash, MC
Colbeck, R
Coonan, H
Cormann, M
Edwards, S
Eggleston, A
Fawcett, DJ
Fierravanti-Wells, C
Fifield, MP
Fisher, M
AYES
Hanson-Young, SC  Ludlam, S
Milne, C  Rhiannon, L
Siewert, R (teller)  Waters, LJ
Wright, PL

NOES
Adams, J  Arbib, MV
Bernardi, C  Bilyk, CL
Birmingham, SJ  Bishop, TM
Boswell, RLD  Brown, CL
Bushby, DC  Cameron, DN
Carr, KJ  Cash, MC
Colbeck, R  Collins, JMA
Coonan, H  Cormann, M
Crossin, P  Eggleston, A
Farrell, D  Fawcett, DJ
Feeney, D  Fierravanti-Wells, C
Fifield, MP  Furner, ML
Gallacher, AM  Hogg, JJ
Kroger, H (teller)  Ludwig, JW
Lundy, KA  Madigan, JJ
Marshall, GM  Mason, B
McEwen, A  McKenzie, B
Moore, CM  Nash, F
Parry, S  Payne, MA
Polley, H  Pratt, LC
Ronaldson, M  Ryan, SM
Seullion, NG  Sherry, NJ
Singh, LM  Stephens, U
Sterle, G  Thistlethwaite, M
Urquhart, AE

The PRESIDENT: Is there any objection to this motion being taken as formal? There is an objection.

Suspension of Standing Orders

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (16:02): Pursuant to contingent notice, I move:

That so much of the standing orders be suspended as would prevent me moving a motion relating to the conduct of the business of the Senate, namely a motion to give precedence to general business notice of motion No. 359.

I do that because, while the opposition may single this motion out to be delayed, the Greens had no problem with assessing and voting on motions on exactly the same topic—two of them by the opposition last week. It may be that the opposition's Tasmanian senators who are in the chamber cannot deal with a simple motion that deals with the question of the current Tasmanian forest debate. The thing that rattled the opposition is that on this occasion the motion notes the negative carping and the continuously failing alternative options of the opposition itself.

We saw that on the weekend at a particularly nasty rally of a few hundred loggers in Hobart, which was addressed by the Liberal Leader of the Opposition in Tasmania. Most people stop tearing up paper at the age of five, but on this occasion the Liberal Leader of the Opposition, Mr Hodgman, tore up the Intergovernmental Agreement on Forests in front of a hooting crowd—a very tiny crowd—of self-invested pro-logging proponents in Tasmania.

Senator CORMANN (Western Australia) (16:04): Mr Deputy President, on a point of order: Senator Brown is able to speak to the reason as to why the Senate should give precedence to this motion. He is actually arguing the merits of the...
substantive motion. I ask you to call him to order.

The DEPUTY PRESIDENT: There has traditionally been a lot of latitude enabled in these debates to suspend standing orders.

Senator BOB BROWN: You are quite right, Deputy President. Senator Cormann needs to show a little bit of patience. The point I was trying to make is that if there is urgency in this motion, extra urgency has been engendered by the Liberal Party and its rally in Hobart on the weekend. The motion not only notes the ongoing attacks but also provides for the Senate to have an opportunity to condemn the opposition's failure to provide a constructive alternative for scores of contractors facing now market downturn in Tasmania. In my proposed amendment I previously had 'business ruin, closures of three export woodchip mills'—and that is the case at the moment—and regional areas of Tasmania welcoming the development opportunities the package will provide'.

This is urgent, because at the moment, under the intergovernmental agreement, it is proposed that $276 million be given to Tasmania. The opposition wants to block Tasmania from having that money. In the urgent immediate term, some $70 to $80 million is going to contractors who do face business ruin, and that is a matter currently in progress. The opposition is saying that it does not want those contractors to get that money. It wants that $80 million to stay here in Canberra with the Gillard government, not with the contractors in Tasmania who are facing bankruptcy because this industry cannot exist without massive public supplements in the world market.

I remind the Senate that this is an industry that has had $1 billion in public largesse—a lot of it coming out of Canberra—in the last three decades, in which time it has shed more than 5,000 jobs, closed scores of small mill operations, failed to carry out the community extension we would have expected and failed to have a proper ministerial overview of the self-invested and industry oriented activities and failure of proper administration of Forestry Tasmania. If the opposition are aiming to get a debate on this this afternoon—and I hope they are—then bring it on, because we will be wanting, in the full debate of this urgent matter, to discover Senator Abetz's role in the administration of $250-plus million of public money that the Howard government gave to this failed industry in 2004. I am sure my colleague Senator Milne will be able to come up with some specifics there that might properly, in this public debate, be accounted for by the failure of administration of public funds by the last Liberal government, and indeed—

(Time expired)

Senator COLBECK (Tasmania) (16:08): It is indeed pertinent that Senator Brown sought to have this matter debated—or I suppose he did not, because he just wanted to go through without having any debate and without having his assertions questioned before this chamber. I am sure that my Tasmanian colleagues do not want to run away from any debate on this matter, because we are quite proud of our support for the forest industry—unlike the Greens, who continue to misrepresent it and to denigrate it and to attempt to destroy its markets with misrepresentation and misinformation.

It is important that this particular matter be aired properly. Far from being a nasty campaign that was conducted at the weekend, it was in fact attended by some 2,000 people—as has been reported in the media—which was very strong representation from the local community. And it was not just about logging. I might add. It also included some apple growers
from down the Huon, who were concerned about the way that the government had treated them. It included a lot of other community representatives—in fact, there were some doctors there who were concerned about the impact on their local communities and the impact that the misrepresentation that the Greens had been putting forward were having on their local communities. So it was much broader than just the logging industry. Of course, they were there—and they are quite happy to admit that they were there.

Senator Brown forgets to acknowledge the fact that there was yet another rally in Smithton yesterday, where over 1,000 people turned out to express their concern about the impact of this sham deal that is being conducted in Tasmania. The facts around this deal are continuously misrepresented by the Greens. They want to lock up a further 572,000 hectares of Tasmanian forests immediately. The fact is that the Tasmanian community were lied to repeatedly by the assertion that this was a 'peace process'—a complete and utter sham. We were told that this was a peace process that would bring peace to Tasmania's forests, and yet the day after the intergovernmental agreement that Senator Brown wants to support was signed we had protesters in the forests. What an absolute joke. What a disgrace that the Greens want to represent this intergovernmental agreement as a peace process. They think this is a good thing and yet the day after, having represented all through the negotiations that this was a peace process, you find protesters in the forests at Ta Ann in Smithton, chaining themselves to equipment—basically invading workplaces. Then the Greens' leader in Tasmania comes out and calls them heroes and congratulates them on this breach of the law. And then they have the nerve to complain when they are given a 12-month good behaviour bond and an exclusion from the Circular Head district for three months—I mean, give me a break. Then we have the ongoing campaign against Harvey Norman that is being run and supported by the Greens through this process.

Peace in the forests—what an absolute joke. The Greens say that they are happy to support this process, but of course they are then saying that, after they get the 572,000 hectares, they want the lot. They want to close down the entire native forest industry in Australia, not just Tasmania—they want to go for the whole lot. So any suggestion that we should be condemned for trying to put the brakes on a process that is the precursor to closing down the native forest harvesting sector all across Australia is a complete and utter farce, quite frankly. And I am more than happy to defend that. I am more than happy to stand up for the forest sector.

I received emails from people in the boat-building industry over the weekend. Seventy per cent of the remaining accessible timbers for the boat-building industry are in the 430,000 hectares that Senator Milne and Senator Brown want to lock up straightaway. Ninety per cent are already locked up: they are already conserved, they are already put away to be looked after in existing reserves. Seventy per cent of the remaining accessible timber is in the 430,000 that the Greens want to lock up straightaway. And then of what is left, when you go to the 572,000 hectares, that takes up 93 per cent of the total available timber for Tasmania's boat-building industry. I am sure the Greens don't—well, perhaps they do want to see that closed down.

This is a sham deal. There is no question: this deal is a complete and utter sham, and it should be torn up. Tasmania can do much better than this, and it should be standing up for a better deal. (Time expired)
Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (16:13): I rise of course to argue that this is an urgent matter. The reason it is an urgent matter is that the people who Senator Colbeck and Senator Abetz say that they are supporting are the people who are waiting for the Commonwealth money to come through to support them at this time because they have said they are going broke, they are losing their homes, they are the ones suffering at the moment and they want the money. And Senator Abetz and Senator Colbeck are saying this is not an urgent matter, that the money should not flow and that they oppose it.

Let me go through it for you, Mr Deputy President. It was because the native forest industry is in collapse in Tasmania that the logging industry approached the conservation movement to try and work out a way of exiting native forest logging. In 1993-94 plantation timber started to overtake native forests in terms of sawn timber. That is the reality. So the issue here is, as the CRC on forestry pointed out recently, that 1,300 jobs were lost in the native forest industry in Tasmania during the time that Senator Abetz gave them $250 million of taxpayers' money—and they still managed to lose 1,300 jobs! Forestry Tasmania still managed to lose money in a wildly successful operation of squandering public money. And now the forest industry has signed up to this. The CFMEU supports this deal. They represent the loggers in the industry. They represent the workers in the industry and they are saying, 'That is it. There is no future in native forest logging. We have to get out. We have to transition. We need the money to transition.'

And where are people hurting most in Tasmania? It is in the regions. What has the Commonwealth set aside money for in this deal? Regional development. So what Senator Colbeck and Senator Abetz are saying is, 'No money to the regions.' Let us assume for a moment that the coalition gets its way, that Senator Abetz and Senator Colbeck are successful, and we say, 'Okay, the deal if off. All gone.' What happens is that the woodchip mill stays shut. It shut not because anybody closed it but the company controlling it closed it because it was not longer economic to operate. That is why it was closed.

The forest industry is in decline and the chip mills were closed. The contractors' wheels stopped last year and the minister, Minister Ludwig, gave them something like $22 million at the end of last year to keep the wheels turning. But that ran out, because we were actually paying them to run their trucks, paying them to cut down forest they could not actually sell, and they are now broke. A total of 1,300 people lost their jobs in spite of Senator Abetz giving them $250 million. And now the Commonwealth has come back saying, 'Right, this is an end to it. This is where we finally get some solution here. We are going to pay people to exit the industry and we are going to put money into regional development.'

What we need is diversification in the regions. Of all the regions, Smithtown desperately needs diversification. McCains has just left Circular Head. They desperately need new investment in that region and they need it particularly in dairy processing. Part of this regional development money can go to building new facilities in Circular Head. If the coalition do not want it, fine. It stops today. No money goes into Tasmania. All those people broke now remain broke. They lose everything and there is no exit package for them. That is what the coalition is arguing for: no exit package and no regional development money, on the basis, they say, that the industry is sustainable. It is not sustainable. It is going out the back door,
which is why those mills closed and why the industry approached the conservation movement. This is urgent because, if the coalition, who are standing up there in the rallies saying to the loggers, 'We will tear this up today,' do that, those people they say they represent will be broke and will lose their trucks, their businesses and their houses. They are going to lose them one way or the other, but this way at least the government is providing some cash for those people to exit the industry. That is the key issue.

We do not want to see good money going after bad, but we do want to see a proper transition out of native forest and proper investment in the regions in Tasmania for diversification. That is what this is all about.

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (16:18): Yes, the opposition does oppose the intergovernmental agreement, as does the fine craft and design sector of the industry in Tasmania, as does the Tasmanian Minerals Council, as does the Tasmanian Farmers and Graziers Association, as does Timber Communities Australia (Tasmanian Division), as does the Tasmanian Chamber of Commerce and Industry, as does the Tourism Industry Council, as does the Forest Industries Association of Tasmania and as do the Greens donor, the AMWU, and the Australian Workers Union. If we as a coalition have to side with the trade unions and the business interests and the small sector of this industry then we are proud to stand with them shoulder to shoulder.

We make no apology for our stance in relation to the intergovernmental agreement, which is all that it is, as the name says: an agreement between two governments, two governments that were both conceived in deceit. First there is the Gillard-Brown government, which came to power on a promise of 'no carbon tax', and there is the Gillings-McKim government, which got into power promising that if the Liberal Party won a majority of votes they would advise the Governor to allow that party to form government. On both occasions Labor and the Greens got together and broke election promises. That is the record with which Senators Brown and Milne come into this debate.

But the gall of the Greens. We have in this motion the concern about three woodchip mills being closed. Well, who closed one of them? Senator Brown's biggest donor, a $1.6 million donation that he personally negotiated, and Senator Brown indicated publicly that he hoped to get benefits out of it, as did the donor. And the donor has got a benefit out of it by picking up a woodchip mill for $10 million, which is a lot cheaper than the vendor was wanting to sell out for. But of course we now suspect that part of the deal is that he gets a cheap site in Tasmania on the basis that the Greens support Commonwealth funding for Gunns, to the tune of $23 million. So, if you have a choice of an extra $6 million on the purchase price or $23 million from taxpayer funds, you cannot blame Gunns for going for the $23 million. That is where the Greens have cheated the Australian taxpayer through this very grubby deal.

And of course the purchaser of the Triabunna woodchip mill refers to Triabunna and Tasmania in the most patronising of terms as 'Melbourne's back yard.' That is indicative of the Greens' mentality to my home state of Tasmania. They think of it as their plaything, their back yard. Something you enjoy when you want to enjoy it and then forget about it for months on end when you do not want to know about it and when you do not want to mow the lawn and look after it. That is the example that the Greens are setting to all Tasmanians about the way
that the Australian Greens represent the people of Tasmania. It is just their plaything. It is their backyard. It is something with which to have fun with their extreme ideology. Some of us in this place are willing to stand up for the workers. I must say it is a very rare occasion when this particular senator at a public rally can stand shoulder to shoulder with a representative of the Australian Workers Union and shake hands afterwards knowing that we are agreed at least on this fundamental issue. The Australian Manufacturing Workers Union similarly agrees with the stance that the coalition has taken.

We as an opposition are more than happy to stand shoulder to shoulder with the overwhelming majority of Tasmanians who see this grubby deal as nothing but a deal to keep Ms Giddings as Premier and Ms Gillard as Prime Minister. In the Tasmanian government, the Greens minister does not have enough money for schools, hospitals or police but they have $276 million to buy out a wealth-generating, jobs rich and environmentally sustainable industry. We fully oppose—(Time expired)

Senator Joyce (Queensland—Leader of The Nationals in the Senate) (16:23): There are times when in your room you see something happening and you think, 'That is the biggest load of rubbish I've ever heard in my life'—when I hear about the Greens and this all-pervasive view of green jobs. In a recent visit to Tasmania, I saw exactly where Greens economic policy ends up and it is called Scottsdale. That is what Green economic policy looks like—the promise of green jobs and the delivery of poverty. That is what they deliver—poverty. Where are the outcomes for people after you have closed down one of the greatest mechanisms of renewable wealth that is the forestry industry? The Greens do not believe in the renewable wealth of the forestry industry; they believe in social security. That is exactly where it ends up. This is Bob Brown's nirvana. This is the halcyon uplands. This is where it all ends up after you have closed everything down. I ask Bob Brown: where are the green jobs for Scottsdale? Where are the green jobs that once were supplied by the logging industry? What has happened to those people?

Then we have Lara Giddings. 'There will be peace in the forests, peace in our time,' she said as she waived her piece of paper at the foot of the plane. She is willing to compromise anything for the most fanatical group of people to bring about what is their desire, which is to shut everything down. Every time the Greens touch something, they are shutting it down. They are shutting down the fishing industry. Why? Because fishing is immoral, fishing is illegal. Someone who wants to fish is below contempt. Look at the live cattle trade. What do they do? They shut it down the live cattle trade. They do not want anybody making any money out of the trade of live cattle. Murray-Darling Basin—what do they want to do? Shut it down. We can live as a nation of kitchen renovators and people who file paper. Of course, there is a great future there! Then what is left open they will shut down with the carbon tax.

It would be comical and amusing except that they are running the government. That is where it becomes a bit of a problem. What is this wondrous deal they have for themselves in Tasmania? If they can, they are going to push the forestry industry out into the farming land. That is right—so they can shut down the farmers and spread the disease. So they take out the renewable economics, which is the logging industry, and then persecute farmers.

One day the Labor Party are going to stand up for working people. One day it is going to happen. One day they are going to
walk in here and start standing up for working families, reclaiming the heartland of what was once this great party. One day the Labor Party is going to stand up against these people, because the Greens are going to absolutely destroy you. You know that. Where we are now, where the nation is now, where your polling is now is a reflection of their policies.

It is great if all you need is one person in 10 to vote for you. About 10 per cent vote for the Greens. About 13 per cent believe that Elvis is still alive. This is the form of policy mania which has infected you people because you are run by Dr Bob Brown. So, Dr Brown, we go back to the people of Scottsdale and look at their economic outlook. There is a halving of the value of houses in Scottsdale. When there is no money, there is no future, but the Greens do not care about that. As long as they can sit happily in Hobart at the 'Manic Monkey Cafe' and make their way through the day pining about what might be in their new nirvana, as long as every decision you make is shutting something down, as long as every decision you make makes people poorer, as long as everything you do is—

Senator Hanson-Young interjecting—

Senator JOYCE: Well, where are the green jobs? Where are they? There is a question. We search them here, we search them there, we search for them everywhere, but there are no green jobs. It is like the yowie or the abominable snow man. Something discussed but never found is the green job. I was in Martin Place the other day with a whole coterie of Sydney in front of me but I could not find one person with a green job. I know they are there somewhere. I know they exist. I have not lost hope. I am looking vainly for them but instead of the green jobs what I am going to find is a giant rip off and it is named the Australian Greens. (Time expired)

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (16:28): I know those opposite get excited at the drop of a hat, but this is a little ridiculous. Let us come back to the debate. Senator Cormann identified that it is actually about the suspension. He then went quiet when his own lot got up and started talking about the substantive issue.

Senator Cormann: Your coalition partner set the precedent. Why didn't you jump up and raise a point of order? You're just too weak.

Senator LUDWIG: He remains a little embarrassed about his contribution but it is there in Hansard to read. We are debating the suspension, not the substantive matter. The record clearly shows—

Senator Cormann: I didn't hear you when your coalition partner was on his feet.

Senator LUDWIG: Have you finished? Your contribution is very unhelpful—as it always is.

The DEPUTY PRESIDENT: Order! Through the chair, Senator Ludwig. And those on my left will cease interjecting.

Senator LUDWIG: Sorry, Mr Deputy President. We support Senator Brown's motion 359. The opposition continue—and they have demonstrated again—their complete opposition to the Tasmanian Forest Intergovernmental Agreement between the Commonwealth of Australia and the state of Tasmania. Why? Because they do not want measures like the Australian and Tasmanian governments providing up to $85 million to provide employee assistance, retraining and relocation. They do not want $276 million to
secure jobs, diversify the Tasmanian economy and provide for the ongoing sustainability of the forest industry. They would rather sit on the other side and blow out the argument—rant and rave and complain. That is a very good characterisation of the opposition. That is all they can do. Rather than be constructive, rather than put their minds to how we can support Tasmania, rather than consider this, all they want to do is complain, complain and complain.

We are not dealing with the substantive issue today. We are dealing with a motion to suspend standing orders. The government will not agree to the suspension. I know that will disappoint Senator Brown. The reason the government will not agree to this suspension is that we know the opposition were playing petty politics with this motion anyway by not supporting its formality—

_Senator Colbeck interjecting_

**Senator LUDWIG:** They are still complaining. They do not realise that we are about substantive reform. The opposition continue to harp. That is all the opposition can do. We will not support the suspension, on the basis that there is legislation that the government wants to proceed with today and there will be time to debate this in the future. It will go to general business as a consequence of the silly actions of those opposite, who simply do not want to debate it, do not want it to matter.

_Senator Colbeck interjecting_

**Senator LUDWIG:** Then I am sure you will commit general business on Thursday to this debate. Let me hear that you commit general business on Thursday to this debate. I do not hear you agree to that. You do not want to debate it at all. Why don't you commit general business on Thursday to debate this? You will not do that. Why? Because you do not actually want to debate it; you want to use the suspension, because you have only got five minutes in you to be able to argue about it. That is all—only five minutes.

_Senator Colbeck interjecting_

**Senator LUDWIG:** Well, you have had your five minutes and you still cannot keep silent, because all you want to do is interject. You are completely hopeless at it in any event.

The reality of the matter is that we will get on with government business. The opposition would rather up-end this joint, would rather not allow the proper process to continue. Those opposite only want to complain. It is a culture of complaint that you have developed in opposition that you now continue with unendingly. It is a pity that you do not turn as much energy to policy development as you do to the culture of complaint that you have now developed.

An agreement between environmental organisations and the Tasmanian forestry organisation on the Tasmanian Forests Statement of Principles—

_Senator Colbeck interjecting_

**Senator LUDWIG:** And you now have demonstrated that all you can do is interject. You cannot engage in the substantive debate. It is about a suspension. I heard nothing from the other side to argue their case. All they want to do is harp and take a negative, carping approach.

_Senator Colbeck:_ Bring it on!

**Senator LUDWIG:** Let me understand this. You will agree that this debate be dealt with in general business on Thursday, because that is where it is able to be debated? I do not hear you. _Time expired_

Question negatived.
NOTICES

Postponement

The following items of business were postponed:

General business notice of motion no. 227 standing in the name of Senator Bob Brown, relating to a bill for an act to amend the Broadcasting Services Act 1992, postponed till 13 September 2011.

MOTIONS

Tasmania: WIN Television News

Senator CAROL BROWN (Tasmania—Deputy Government Whip in the Senate) (16:34): I, and also on behalf of Senator Milne, move:

That the Senate—

(a) deplores the actions of WIN Television in Tasmania, which has cut its weekend statewide news service, leading to:

(i) some 10 Tasmanians losing their jobs in the state's media industry, jobs which would have become future jobs for young Tasmanians, and

(ii) a marked cutting of media diversity in the state on weekends, with only ABC TV and Southern Cross Television providing local news and nightly bulletins; and

(b) notes that:

(i) WIN Television in 2010 celebrated 50 years of television history in the state, but in its 51st year WIN has cut the 'guts' out of its local coverage with no weekend news services, resulting in a loss of 28 per cent of the weekly news coverage, local news, local sport and local politics,

(ii) Tasmanian viewers, some of whom have been loyal to WIN Television for the full 50 years of its existence, are now being served up an irrelevant news service, broadcasting Victorian news on Saturdays and Sundays; and

(iii) this makes Tasmania the only state in the WIN Television network without a home-state-based weekend news service.

Question agreed to.

Hearing Awareness Week

Senator SIEWERT (Western Australia—Australian Greens Whip) (16:34): I, and also on behalf of Senator Fifield and Senator McLucas, move:

That the Senate—

(a) notes:

(i) that the week beginning 21 August 2011 is national Hearing Awareness Week and the theme for 2011 is 'I'm ready for anything! Is anything ready for me?',

(ii) that the theme recognises that for the 3.55 million Australians with hearing impairment, technology is providing more possibilities than ever before to assist their inclusion in society,

(iii) that improvements in technology have minimised the barriers to communication,

(iv) that technology is also making huge inroads into improving the quality of educational access and employers have more support than ever to make their workplace inclusive and accessible for Australians with a hearing impairment,

(v) the incredible innovations that have been made by a number of Australian organisations into assistive technologies,

(vi) the 'Hear Us' inquiry undertaken by the Community Affairs References Committee in 2010,

(vii) the ongoing work that is required to improve hearing health in Australia as well as ensuring that Australians with a hearing impairment are not excluded,

(viii) the funding commitments to the Better Start for Children with Disability program which provides flexible funding for early intervention services to parents of children with hearing impairment, and

(ix) the additional funding provided to the Hearing Services Program which provides extended eligibility for young people to hearing aids, services and cochlear speech processors, increased access to hearing aids and cochlear speech processors for more children, and additional hearing services and aids for
Indigenous adults and people with complex hearing problems; and

(b) seeks the Australian Government to:

(i) continue raising awareness of hearing impairment and chronic ear disorders in order to:
   (A) reduce the incidence of hearing loss and/or chronic ear disorders,
   (B) increase the public awareness of the needs and aspirations of hearing impaired Australians, and
   (C) promote inclusion and understanding of hearing impaired Australians,
   (ii) provide access to technologies, organisations and communities that can improve engagement in education, employment and community,
   (iii) continue to support organisations that provide assistance to hearing impaired individuals, their families, communities, employers and schools,
   (iv) continue to support and fund Australian hearing health research and innovation, and
   (v) continue to implement the recommendations of the Hear Us: Inquiry into Hearing Health in Australia report with an emphasis on inclusion.

I invite all our Senate colleagues to visit the hearing expo in the Main Committee room today and tomorrow. You will learn heaps.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

Gillard Government

The DEPUTY PRESIDENT: The President has received a letter from Senator Fifield proposing that a definite matter of public importance be submitted to the Senate for discussion, namely:

The Gillard Government's breach of trust with the Australian people through its record of broken promises and maladministration.

I call upon those senators who approve of the proposed discussion to rise in their places.

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

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

Senator RONALDSON (Victoria) (16:35): I take this opportunity to refer the chamber to an interview by Michael Smith from 2UE with the member for Dobell, Craig Thomson, on Monday, 1 August. I suggest that anyone who needs some good, hearty reading go and get a copy of this interview and have a very close look at it. I will just take the chamber through some of the matters in this interview:

Smith: OK. Did you take the matter to the police if you believe the credit card was used improperly, did you go and report it to the police?

Thomson: The union reached a settlement with another gentleman who paid back $15,000 in relation to use of credit cards at an escort agency.

Over the weekend what did we hear from the former Victorian Health Services Union secretary, Jeff Jackson, in relation to this matter? Mr Jackson identified himself as the man who had paid back $15,000, but what was the rider that he put on it? The rider was that Mr Thomson had made a 'risky' implication in claiming that a $15,000 repayment was linked to escort service bills. So one of the defences last week from Mr Thomson has been blown out of the water by one of his former colleagues at the HSU. Mr Thomson wanted the listeners of 2UE to believe that it was not him who had paid this money but someone else, and that person was required to repay those escort agency bills. Mr Jackson, the person involved in the repayment, has made it quite clear that that was a risky implication. Well, 'risky implication' means it is not true. Mr
Thomson’s interview was remarkable because, as we all know, it is an interview that has now been taken up by former senator Graham Richardson, who has made it quite clear that it is an interview which will once and for all damn the member for Dobell.

I will follow on in relation to the claims about this particular gentleman, which we now know are untrue:

Smith: Did he forge your signature?

Thomson: I don’t know whether he forged my signature or who forged my signature …

He was asked if he took the matter to the police, Mr Thomson said:

Our handwriting expert believes there were a number of different signatures.

What I say to the member for Dobell is: release the outcome of your handwriting expert’s inquiry and put it on the table. Last week, that was the second part of Mr Thomson’s new defence in relation to these matters. We have had the $15,000 mystery man. The mystery man has come out and made it quite clear that he is no mystery man and that he repaid money which most certainly was not in relation to escort services. The second part of the new defence from Mr Thomson last week was in relation to the handwriting expert. Mr Thomson should bring in the handwriting expert’s report, lay it on the table of the House of Representatives and say, ‘This is my ultimate defence to the charges that I was paying for and using these escort services.’ This was one opportunity that the member for Dobell had, amongst many. He had another opportunity today in the other place and again he chose not to take it. He had the opportunity to put the handwriting expert on the witness stand and have them say what Mr Thomson has been saying—that they were different signatures and that his signature was forged—but he squibbed it. At the door of the court he pulled out of this much vaunted defamation action. This was the defamation action that Mr Thomson had written to his colleagues about. I have seen the letter and those opposite know that in that letter he pleaded his innocence in this matter. It was the perfect opportunity to go into court and put all of this information on the table and say, ‘This is the proof of my innocence’, but Mr Thomson squibbed the opportunity to do a whole lot of things and at least put on the witness stand the one person who could prove his innocence, if Mr Thomson was correct.

What does the community take out of this? What is the only realistic thing the community can take out of this? What they will take out is that the handwriting expert did not support Mr Thomson. The handwriting expert did not say that these signatures were forged. The handwriting expert actually said that it was Mr Thomson’s signature. That can be the only rational explanation for this matter not proceeding to court. This was a defamation action that Mr Thomson was speaking publicly with his colleagues about and it was going to be his day in court, but when he had the chance he pulled out.

Not only did he pull out of the proceedings but also he pulled out and was required to pay either some or all of Fairfax’s costs. Who paid for those costs? Did Mr Thomson pay for those costs? No, he did not. The people who paid his costs were the rank and file members of New South Wales Labor who had trusted that their funds to the Labor Party in New South Wales would be put towards the betterment of the Australian Labor Party. I disagree that it is going to make the party any better but those members were entitled to put that money there and they were entitled to know that it would be for the betterment of the Australian Labor Party. They were not putting their funds in
there to protect the Craig Thomsons of this world. The people who Mr Thomson had ripped off during his time in charge of the HSU were the mums and dads who do the most menial and dirty jobs in this country, such as cleaning hospitals. He has treated them with complete and utter contempt.

There was a motion in the other place today moved by the Manager of Opposition Business which would have allowed the member for Dobell to come into the chamber and explain his actions once and for all. If everything he said was true then that would have been the end of the matter for him. He chose not to do so. In this chamber today the Minister for Sport had the opportunity to refute serious allegations of his involvement and the involvement of the Prime Minister's office in the payment of these funds towards Fairfax's legal costs. If you were Senator Arbib, who is at arm's length in this matter to the extent that he was not involved in the defrauding of union funds, and you were very publicly being dragged into this in the weekend papers, wouldn't you take that opportunity?

The first opportunity would have been to put out a press release. He did not take the first opportunity. The second opportunity would have been today when I asked him the question: were you involved and what was the involvement of the Prime Minister's office? He refused to answer. He refused to answer not on the back of the question being ruled out of order, because it was not ruled out of order. It was not on the back of that. He refused to do it for one reason and one reason only. Here today we had further proof of the absolute—

**Senator Cormann:** The answer was yes.

**Senator RONALDSON:** The answer was yes. We had absolute proof that Senator Arbib, New South Wales Labor and the Prime Minister's office were involved in the discussions about the payment of these legal costs. As I said in an earlier contribution, this has gone from the seat of Dobell to the highest seat in this country, and that is the Prime Minister's seat. As a result of the refusal of Senator Arbib today to deny the press reports, this Prime Minister is now absolutely and totally implicated in the payment of Fairfax's legal costs. She is totally implicated in the discussions surrounding the payment of those costs with Mr Thomson and New South Wales Labor. This Prime Minister stands utterly condemned.

**Senator FURNER** (Queensland) (16:46): I rise this afternoon to contribute to this matter of public importance as well, conversely to Senator Fifield's proposal. As a senator I am really proud of our government's achievements in this area. The past year has seen many achievements by the Gillard government. Not only did we secure minority government in September last year but we have also delivered policies which have provided tax cuts for our working families. On 1 January 2011 we introduced Australia's first paid parental leave scheme, where parents are able to stay home with their newborns or adopted children for 18 weeks at the minimum wage while retaining ties with their workplaces and easing the financial pressure on working families—a policy the opposition leader never would have implemented.

We began our rollout of the National Broadband Network, which will provide faster internet connections and allow those in rural areas to access high-speed internet—something the opposition left our country behind in. The NBN will bring affordable high-speed broadband to all Australians, no matter where they live. The NBN is creating jobs right here, is already being used in Tasmania and Armidale and will shortly be in other states. A new era of communication
is arriving with better services and more competitive prices for Australians and Australian businesses. The NBN will change the way we live and work, ensure our economy keeps up with the rest of the world, give our children access to world-class educational resources and give us access to better health care. It will close the distance between our regions and cities and will give local businesses the opportunity to expand into markets anywhere in the world instantly.

The Prime Minister and Minister Conroy announced a $9 billion agreement with Telstra on the NBN. The agreement provides for the reuse of suitable Telstra infrastructure and for Telstra to progressively structurally separate by decommissioning its copper network and broadband HFC network capability during the NBN fibre rollout. This means less disruption to communities and less use of overhead cables.

We will shortly be introducing bills related to the minerals resource rent tax. The taxes on the enormous profits made by big mining companies will go towards building superannuation savings, allowing the government to increase the superannuation guarantee, which every worker is entitled to, from nine to 12 per cent. This means less disruption to communities and less use of overhead cables.

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Though our strong economic management has kept 200,000 extra Australians in jobs, jobs are important to the Australian Labor Party. Since we took office in 2007 almost 750,000 jobs have been created. Almost 190,000 jobs were created in the last year. Nine out of 10 jobs created in the last 12 months are full-time positions. Our jobless rate is 5.1 per cent, compared with that of the US of 9.1 per cent, Canada on 7.2, the UK on 7.7, Germany on seven and New Zealand on 6.5 per cent. So you can see we have achieved in numerous areas and I will talk further in this discussion about a lot of other areas that we have delivered on as a government. At the start of the GFC Australia had the same unemployment rate as the US. If that were still the case, an extra 480,000 Australians would be jobless rate now. This government's swift and decisive policy response to the GFC helped safeguard tens of thousands of Australian jobs.

In the past year on one of our projects, Building the Education Revolution—a hallmark, in my opinion—I have been privileged to open over 100 school buildings, whether they were libraries, science centres or halls. It has been a marvellous project and is still delivering and being rolled out throughout our state of Queensland, as you would be aware, Madam Acting Deputy President Moore. I have heard nothing but praise during those openings, whether from principals, parents, P&C presidents, teachers.
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SENATE

or even the children of those schools. They come up and say, 'We thank the federal government for delivering on its promises.' They are overwhelmed by the new hall, the new library or the new science centre they are standing in and the facilities and the benefits they have got. There is no better benefit than the gift of education. For some schools, it was the first time they had a multipurpose hall and the very first time they were able to fit the whole school in one area. For some, it was the first time they had an actual library and no longer had to share a classroom with a room full of books. I have seen new music rooms and dance studios. For some schools, this was the biggest thing to happen in their school in years. As I said, principals, P&C presidents and students alike have praised the BER project and, on many occasions, have asked me to send my regards and thanks to the Prime Minister and Minister Chris Evans for making sure that the new halls, libraries, classrooms and science centres were completed.

I have a quote from the principal of Mount Mee State School. It says: 'The Building the Education Revolution has provided us many opportunities that we would not have received any other way.' There is no other way that a small school like Mount Mee would have at any point in time achieved a building like their new one or any of the other refurbishments that have taken place over the last 12 months. Another example is from Dr Regan Neumann, the principal of Kelvin Grove State College. It says: 'Thank you to the federal government for contributing the funds to make this happen at Kelvin Grove. We know that our place is a better place because of the financial contribution that was made to our college during 2010-11.' There are other examples, such as from Bronwyn Campbell from Albany Hills State School. It says: 'We thank you very much, Senator Furner, because this sort of opportunity has never come to primary schools in many years in education and it has been a wonderful gift to us. We appreciate that.'

The Gillard government also provided assistance to those who needed it in Queensland during the most devastating time of our lives, during the significant floods and Cyclone Yasi, and also in Victoria. We implemented a one-off levy which will assist in rebuilding our disaster affected areas, and those directly affected are exempt from paying the levy. Despite the injections into our economy and the costs of the natural disasters, the Gillard government has stuck to its promises and will deliver a surplus by 2013.

Not only are we delivering for our working families; we are also delivering effective policy. Despite a hung parliament, the government has secured the passage of 130 bills through the House of Representatives. The opposition leader, Mr Tony Abbott, has not provided a positive contribution to this government since becoming leader. We all know his position when it comes to policy and that is the single word of no. He says no to everything, even good policy. He opposed the stimulus package. He opposed all those school halls, libraries, science centres and areas of important needs for education in our schools around the country for the sake of who knows what. He opposed the flood recovery package to help Australians most in need. At their time of most need, he opposed it. He opposed our health reform package. Instead, while in government, he ripped $1 billion out of the health area. He has opposed our GP superclinics, which are seeing quality health care delivered to areas of need. One of those
GP superclinics is just down the road from me and it is delivering marvellous outcomes for the residents in the seat of Dickson. The list goes on. There is a continual list. Time does not allow me to talk about all the achievements of this Gillard government. *(Time expired)*

**Senator JOHNSTON** (Western Australia) (16:56): On a day when so many hardworking Australians, particularly Western Australians, have travelled up to almost 4,000 kilometres to come to Canberra to express their lack of trust, faith and confidence in this Gillard government, it gives me no pleasure to talk about the trust, integrity and honesty of this Gillard government. Many, many Australians—the vast majority of Australians—have come to the conclusion in the last 12 months that this government is untrustworthy. That this government is not trusted by Australians is almost a universally accepted truth. Why is that? Why is it that Australians do not trust this government or this Prime Minister?

Look no further than the calibre of its ministers and the leadership of the Prime Minister.

This Prime Minister has a very significant problem with one important aspect of public life. Some might say that this ability is an imperative in public life, a condition precedent to public life, a fundamental element in public life. And that is the capacity to tell the truth. The capacity to tell the truth is the most fundamental thing any individual can bring to parliament. On Kevin Rudd's leadership, she said, 'There is more chance that I would be full-forward for the Dogs than leading the Australian Labor Party.' She said at the time of the last election, 'We will have an East Timor processing centre,' and of course 'There will be no carbon tax under a government I lead,' and 'Petrol will be exempt under the carbon tax.' Every Western Australian knows they receive their petrol via a truck weighing more than 4.5 tonnes. Are those truck drivers going to carry that cross? Of course they are not, and the Prime Minister knew it when she said that. There will be a carbon tax on petrol, and people living in regional Australia will be paying it through the nose. She well knows it. The Caltex refinery is one of the biggest emitters of carbon dioxide in Australia. They are unhappy with the compensation. What does that mean? It means they will pass the costs on. There will be a cost on petrol.

Of course the crowning glory of this last fortnight was when she said that she has confidence in Mr Craig Thomson. No, she has not. She has no confidence in Craig Thomson, but she has to say she does to cling with her fingernails to power. That is what she has to say. She has got no confidence whatsoever in this man, against whom the facts and the evidence are accumulating day by day, minute by minute. As set out by my colleague Senator Joyce, someone broke in, stole his credit card and forged his signature and then broke back in and put it back again. These are fundamental issues of trust, integrity and honesty. The recent history of this Prime Minister is such that she is failing those tests, day by day, minute by minute, hour by hour.

When we talk about maladministration we talk about one fundamental quality that ministers can bring to the parliament—a degree, a small iota, of competence. That is all we ask for: just a hint, just a sniff, of competence. This government delivers nothing of the sort—just the opposite. Peter Garrett, the Minister for School Education, Early Childhood and Youth, has established new lows in lack of confidence. The pink batt home insulation scheme was so good that people would fly into Australia, get a phone book and a book of the application forms, fill them out and send them off, the
money would arrive in a post office box and then they would fly back to somewhere in South-East Asia. That is how good that scheme was. Then we had to pay billions of dollars to fix up those homes and make them fireproof. The most interesting fact of all is that 10,000 of those installers never lodged a tax return. It was the craziest, stupidest and most poorly administered scheme in the history of good governance. The BER had the same problem. The tax commissioner is flat out trying to find out who is paying tax for the BER. The returns are down.

This government, through its incompetent ministers, has wasted somewhere between $5 billion and $7.5 billion. The Leader of the Government in the Senate mentioned the Super Seasprite in question time today. There were six Super Seasprites—unbelievable! We have the Minister for Agriculture, Fisheries and Forestry giving precedence in Australian public policy to a television program. This is a news-cycle-led government, a government that responds only to *Four Corners*, so the minister banned live exports to Indonesia with the stroke of a pen, leaving thousands of cattle in pens at ports around Australia having to be fed and managed—$320 million worth of industry chopped off at the knees overnight, with no notice, no consultation and no compensation. The government has no understanding. As I say, the minister brings massive amounts of incompetence to the table. These animals cannot be returned to pasture, because the pastures have faded in the seasonal nature of animal husbandry in the north of Australia. He took no advice from his department. A thousand or more jobs evaporated overnight on the end of his pen, many of them Aboriginal jobs. As precious as those jobs are, he just struck them out. If incompetence were an Olympic sport we would be red-hot favourites for the gold medal. We would be at our TVs, watching day in, day out.

Who is paying for all this mess? Who is paying for the $7 billion that has been just flushed down the drain? All those hard-working Australians who get up out of bed every day, go to work and pay their taxes, and particularly those in the booming, hard-working state of Western Australia—the powerhouse economy. That is who is paying for all of this. What do they get for their trouble? A mining tax. If you are successful under Labor, what does it do with you? It taxes the living daylights out of you. Magnetite is a huge industry for Western Australia. The magnetite industry does not want any handouts—it just wants government off its back—but the mining tax has spelt significant capital raising difficulties for the industry. The government knows this and has set about the task of killing the industry. What does it do to the mining industry? In addition to the mining tax, the government brings in a carbon tax. For people living in regional Australia, their fuel and groceries and everything else they freight into their towns will be much more expensive because every truck over 4.5 tonnes will have to pay the carbon tax. How do they come up with these schemes? This public policy fiasco is just typical.

I turn lastly to the absolute disgrace of border protection. This government cannot even protect our borders. Most of our Navy ships do not work. But, apart from that, we have people coming in in droves. In 2010, 85 boats carrying 4,939 people came in an unauthorised way to our shores. It is costing us $1.75 billion. No trust, no competence.

**FIRST SPEECH**

The **PRESIDENT**: Pursuant to order, I now call Senator Fawcett. I remind honourable senators that this is his first speech and, therefore, I ask that the usual courtesies be extended to him.
Senator FAWCETT (South Australia) (17:06): Mr President, may I start by congratulating you on your re-election. To quote the Old Book, 'To those whom much has been given, much will be required,' and Australia has given me much to be thankful for. I have been blessed with the opportunity to see life in Australia from different perspectives. I was born and raised in a country town and enjoyed the freedoms of outdoor play and activities that that afforded a youth growing up in the sixties. As a young person, I had the opportunity to live overseas in a developing country and experience what it is like to live among different cultures and values.

Through a career in the Australian Defence Force that spanned over two decades as an Army pilot, I was privileged to travel throughout Australia, living and working in the bush, in our cities, in the outback and in Papua New Guinea. I have seen the best and the worst of life for Australia's first people in contemporary Australia. I have been posted overseas to live and work in the UK, Europe and the USA with counterparts from many countries of the world. While recognising the strengths and positive aspects of all these other nations, there is no place that I would prefer to call home than Australia. So I was honoured in 2004 to be elected as a member of the Australian parliament representing the communities of Wakefield in South Australia. It is a testament to the strength and stability of our democracy that three years later I would leave that role, along with the change of government, in a transition that was unblemished by corruption or violence.

We live in a land that many in the world can only dream of: a democratic land of opportunity and freedom which aspires to equality and equity of access—the notion of a fair go. So often we take these things for granted, even though in recent weeks the news has been full of people all around the world laying down their lives for these basic freedoms. The vast majority of us who are able to benefit from and enjoy all that this nation offers have a responsibility to give back in any way we can. First and foremost, we have a duty to defend and develop those things that preserve our democracy and freedom. Secondly, we have an obligation to reach out to those amongst us and those beyond our shores who for many reasons do not enjoy the same security or quality of life.

In most areas of endeavour and interest in Australia, there is much to celebrate and much to unite us. I wish to play a role in preserving and enhancing these aspects of life in Australia. However, I also stand here today because there are things we can do better. I have been in the homes of some of Australia's most marginalised people and I have seen the crippling generational effects of life lived on handouts. I have been challenged to find more effective ways to empower people to be responsible for outcomes in their own lives—to give them a hand up and a reason to take it.

I have stood with rural communities facing uncertainty around basic services such as health care, often due to the inability of bureaucracies to realise that not all the world neatly fits into their statistical models. I have been motivated to invest my time in advocating for better policy and supporting local solutions until governments finally listen.

I have stood with small businesses facing bankruptcy as a direct result of poorly administered Commonwealth programs, and I have been convinced that the true measure of a successful government should be positive outcomes for people in the real world—outcomes achieved by looking beyond the funding announcement to effective implementation.
I have stood in the home of a sole parent in desperate need of respite and support for a disabled child who is so physically strong and aggressive that they live in a house remote from others with locked rooms and a fenced-in verandah. I have been motivated to do more for carers and those with a disability because we as a nation can do better than this.

I have stood with our service men and women in conflict zones and witnessed both the selfless service they provide on our behalf and the complexities and sometimes dysfunction of the organisation that trains, supplies and directs them. I have seen again the need for Defence policy that finds the balance between seeking efficiency and ensuring effectiveness.

Finally, to paraphrase the words of Abraham Lincoln, I am here because I want to play a part in helping this parliament to fulfil its purpose: not to be a place of politicians with an eye just on the next election but of statesmen working with a vision for the next generation.

Being in this place, therefore, is not about my efforts or aspirations alone. I recognise that I am here by the goodwill of the people of South Australia and by the grace of God. I thank my fellow South Australians for placing their trust in me to serve the interests of our state and, in a broader context, the interests of Australia as a member of the Senate. I am acutely conscious that my decisions and priorities will not please everyone all of the time. I trust, however, that over time even my worst critics will recognise that my aim is to be characterised as someone who works with passion, integrity and balance. In 1774, Edmond Burke said:

Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

That people have considered my industry worthy of their support, and to the extent that I have experience and judgment, is because of the investment that many people have made in my life. Foremost among those who have shaped me are my parents, Bob and Helen Fawcett. They have instilled in me lasting values, helped shape my character and work ethic and taught me the worth of faith and relationships. Friends from school, church and community groups have given me the freedom over many years to try, to fail and to succeed. They have encouraged me to strive for high standards but have had the grace to forgive in the times when I have failed to live up to them. I thank my many friends and colleagues in the Australian Defence Force, an organisation that has afforded me not only the means to serve Australia but many opportunities to grow in wisdom, skills and experience.

Foremost among those who sustain me are my family. To my wife and best friend, Lorna: thank you for your love, support and counsel. That you would commit to paying the price of releasing me to public life is all the more remarkable in that you have been there before and you go into this season of our lives with your eyes wide open. To my daughters, Alexandra and Emily: your unconditional love and support has delighted and humbled me over many years. I am very proud of you both and grateful for the character and values I see you living out every day.

To retiring senators Nick Minchin and Alan Ferguson: thank you for your support and wise guidance over the years. You have left large shoes to fill. My thanks go to the members of the Liberal Party for their faith in me and for their support and tireless work in metropolitan and regional areas across South Australia. My thanks also to the many people who contacted me in August last year to indicate that, for the first time ever, they
were going to vote below the line. I trust that in years to come they will look back and consider that effort worth while. By far the largest part of my aviation career was spent serving as an experimental test pilot. By definition, I am therefore an optimist, as well as a conservative, who is not afraid of change or measured risk. I am an optimist because I believe we will find a way to cross new frontiers and fix problems and, importantly, will have one landing for every take-off! I am a conservative because, no matter how visionary the design, there are certain laws of physics that cannot be ignored and have guided design principles over the years for good reason. I am unafraid of change because we can always improve, but the risk must be measured because no system operates in isolation and unintended consequences can result in tragedy. The same can be said about public policy.

Aristotle is credited with asking: 'What is democratic behaviour? That which preserves a democracy, or that which the people like?' I believe a priority for this parliament is to defend and develop those things that will preserve our freedoms and democracy. I also believe there are long-held principles which we ignore at our peril, no matter how inspirational the goal or how passionate the ideals of a would-be reformer. The freedom to question, to critically evaluate and to comment on facts, whether by the media or individuals, is an essential part of an open and free society. All Australians should be concerned when attempts are made to codify or restrict what we can or cannot say about politics or religion, no matter how plausible the reason may appear.

Innovation, jobs, compassion and community are created and sustained by people, not programs or policy. The vast majority of our society benefits from small government that empowers local control rather than intrusive, centralised control by a bureaucracy. This is true not only for individual wellbeing and wealth but for equity in the community. It is no surprise that the most effective access to meaningful work and self-determination being afforded Australia’s Indigenous people today is coming from individuals and private enterprise. Some of the most effective and efficient non-government organisations are those that are not tied to the government purse strings. Encouraging and rewarding both personal responsibility and behaviours that take responsibility for those around us will always have more genuine, sustainable outcomes than a focus on individual rights.

The defence of our nation is a core responsibility of the national government and, by extension, this parliament. Australians are rightly proud of the professional, exemplary service the Defence Force is providing around Australia and the world. However, they are also right to ask why there appear to be so many headlines about problems with the broader administration of the defence organisation. The Black review and the Rizzo review are the latest investigations that highlight many symptoms of underlying dysfunction. But how should the parliament respond? Instructing defence to apply even more process driven bureaucratic band-aids to the symptoms will not fix the problems. Rather than pointing the finger of blame at defence—again—parliament needs to be prepared to step back and take time to understand the unintended consequences of two decades of downsizing, outsourcing and splintering of the chain of command that has been forced on defence by government in the name of efficiency. If the desired outcome is an organisation that is efficient, effective and accountable to the elected minister of the day, then government needs to return to the principle of providing our military leaders both command and
control of all the resources they need to do their job.

Inextricably linked to defence is our ongoing responsibility to those who have served this nation. I am heartened by the improvement in quality of care for both the physical and mental health of our ex-service personnel and their families, particularly the change in policy which sees more accessible options for rehabilitation and continued service. I am conscious, however, that with sustained operational commitments the number of people requiring support is increasing, and this parliament has a duty to ensure that the funding for support services increases at a rate that is at least commensurate with the need. With respect to pensions, members and senators should remember that the principle of loyalty flows two ways. The ex-service community was justified in their anger when the coalition bill for appropriate indexation of the DFRDB pension earlier this year was voted down by the ALP and Greens. We expected the loyalty of service men and women when they enlisted and if they deployed; they have a right to expect ours now they have returned and retired.

Alongside all the aspirations and goals that have been mentioned during these first speeches, I wish to place on record another principle—that true success is measured by outcomes. We need a focus on how the government works, what the government achieves, not just what it sets out to do. Again, perhaps it is my background as a test pilot, where unintended consequences can literally be the difference between life and death, but I see that the urgency to respond to a need or opportunity must be balanced with thorough planning and implementation. Leadership and ownership of an issue by a minister must extend beyond the media conference where funding is announced, and should be focused on assurance of outcomes rather than just highlighting the quantum of the inputs.

One size does not fit all. This is particularly true when it comes to education. This is not just about parental choice of schools, which I support; it is about a young person’s choice of vocation. Not all young people will go on to university and many find their niche using both their head and their hands in a trade. If we really value this option, we will provide a path for young people to make a trade their first choice, not the option offered in the shed at the back of the school to those who do not opt for the purely academic program. St Patrick’s Technical College in South Australia—a product of the Howard government—is one outstanding model for how an industry led, trade focused technical college can lead to high enrolments, high retention rates and, most importantly, real trades for young people. There are other opportunities that we can develop, such as the Skilling Australia’s Defence Industry program. This program has proven successful, providing tertiary and postgraduate training for the staff of prime contractors. From my discussions with industry, I know that there are viable ways in which we can make those funds flow down to their second and third tier small business subcontractors, who are the ones who actually take on apprentices but need the additional cash flow margin to do so. Finally, there is the foundational value of family. Hugh Mackay writes in Reinventing Australia:

Family life is thought to teach us important lessons about loyalty, responsibility and compromise, and many Australians believe the quality of family life is an important index of the quality of life in the wider society.

This point was reinforced by the Assistant Secretary for Children and Families in the US, Wade Horn. In quoting research by social scientists he concluded:
... marriage is more than a private emotional relationship. It is also a social good. Not every person can or should marry. And not every child raised outside of marriage is damaged as a result. But communities where good-enough marriages are common, have better outcomes for children, women and men than do communities suffering from high rates of divorce, unmarried childbearing, and high-conflict or violent marriages.

While we need to support compassionately people in all relationships, we must be prepared to actively promote the traditional model of the family as a desirable goal. Research shows that the viability of a marriage and family is not just about the circumstances that surround the parents. Tensions and conflicts affect most relationships. Rather, viability hinges, firstly, on the couple’s willingness to decide that the relationship is worth working to preserve and, secondly, on their ability to create a shared framework of relational skills to reach a resolution. Clearly, two keys to supporting families are enabling people to access relationship education and helping them to see the value in doing so through raising awareness and incentive. This will go some way toward empowering people to play a far more active part in the outcomes they seek.

The family is a foundational element of our society and should be valued as such. Our promotion of family must move beyond rhetoric and result in meaningful investment and support.

Mr President, in conclusion, there is much to be thankful for, much that should unite us and much to give us hope for the future of our journey as a nation. There are people we need to include as fellow travellers and key principles to defend and build upon along the way. To the people of South Australia, both those who supported me and those who did not on this occasion, you have my industry, my judgment and my commitment to serve you with diligence and integrity. I am honoured to have been given the opportunity to once again serve in the national parliament.

MATTERS OF PUBLIC IMPORTANCE

Gillard Government

The ACTING DEPUTY PRESIDENT (Senator Coonan): We will now return to the matter of public importance.

Senator THISTLETHWAITE (New South Wales) (17:26): I congratulate Senator Fawcett on his first speech to the Senate, but I return to the matter being debated prior to Senator Fawcett's inaugural comments. I indicate, as a new senator, that I am completely dumbfounded and blown away this afternoon by just how out of touch those opposite are in seeking to raise this issue in the Senate. They seek to criticise the government for maladministration and for its handling and management of our economy during the global financial crisis. This is from a coalition who went to the last election campaign with a promise to cut services. It was a promise based on an $11 billion black hole in their budget costings. Just when you thought you had seen and heard it all—the height of hypocrisy from those opposite—we now learn that they seek to go to the next election with a promise of $70 billion worth of cuts to government services. This perfectly highlights the hypocrisy of those opposite and just how out of touch they are.

Labor came to government in 2007 with a significant reform agenda after a decade of stagnation and wasted opportunity under a coalition government. It was a program to move our country forward, to modernise our economy, to deliver better education services, to restore fairness to workplaces and to protect the environment for the next generation of Australians. This program was developed during the years in opposition in consultation with the Australian people. I, personally, was involved in travelling around
New South Wales and meeting with workers, families, businesses and community organisations about their wishes from a Labor government. They told us that they wanted fairness restored to workplaces. They were sick and tired of having their children exploited—the vulnerable workers in our society—by individual contracts that cut award conditions and reduced their take-home pay. Labor heard their message, and in government we have delivered. We got rid of WorkChoices and instituted the Fair Work Act, which has seen 740,000 jobs created in the Australian economy, a reduction in industrial disputes and an increase in the number of enterprise agreements made between employers and their workers. We have delivered on that promise. They wanted improved educational standards. They wanted a better opportunity for their children, and Labor heard their message. In government we are delivering a national curriculum that sets new, modern standards of educational attainment. That is being delivered by Labor in government.

They were sick and tired of out-of-date infrastructure in many schools throughout the country. Labor heard their pleas, and we are delivering. We are delivering modern infrastructure in each and every school throughout Australia—$16.2 billion being invested in the Building the Education Revolution program: 24,000 projects throughout this great nation of ours, 9½ thousand schools, new libraries, new computer and science facilities, new sporting and cultural facilities and new computer laboratories.

They wanted increased funding for universities, and Labor in government is delivering that. They wanted a skills base that delivered a better opportunity for manufacturing in the future. Labor heard their calls, and we are delivering. We are delivering trade training centres in 927 schools throughout Australia and 97,000 apprenticeships, a record for the last decade. That is all being delivered by Labor in government.

Australians, particularly those in rural and regional areas, told me that they were sick and tired of slow internet and web services, that they were sick of seeing Australia lingering at the bottom of the world league tables when it came to internet speed. Labor heard their pleas, and in government we are delivering on those commitments. We are rolling out the NBN in rural and regional Australia, delivering world-class broadband services for 93 per cent of households and businesses throughout the country and increasing speeds for those remaining seven per cent. This will revolutionise Australia's communication system, increase productivity and, most importantly, break down that tyranny of distance that exists in rural and regional areas—again, being delivered by Labor in government.

Australians told me that their family members are too important to be played around with when it comes to health care—that they were sick of health care being used as a political football. They were sick of the blame game between the states and the federal government. Labor has responded and listened to their concerns, delivering federal healthcare agreements that will see record investment in hospital funding, delivering GP superclinics to reduce the burden on our hospital emergency waiting rooms.

This Labor government is delivering a program of reform based on the wishes and concerns of Australians that we heard during our period in opposition. Contrast that with the program and policy offerings of those opposite. The opposition went to the last election with a promise to cut services. I have mentioned already that its program
involved cutting trade trading centres. That would have affected 1,800 schools; 1.2 million students throughout this country would have had their opportunity at skills training diminished by an Abbott led government. For 11½ years those opposite failed to invest in a national curriculum. For rural and regional Australia, they had a plan to axe the $6 billion regional infrastructure fund. Their promises in relation to increasing speeds for broadband are there on the public record. They will rip up the National Broadband Network and rob rural and regional Australians of faster broadband. In health, the record of the Leader of the Opposition speaks for itself: cut $1 billion from our hospital system, equivalent to 1,025 beds across Australia.

When it comes to the biggest economic and social challenge facing our generation, the Leader of the Opposition has been all over the place. During the time John Howard was the leader of the party, he supported an ETS. When Malcolm Turnbull was the leader he initially supported an ETS, but then he changed his mind; he saw a vote in it. Now he does not support an ETS. One day he supports a five per cent cut in emissions by 2020; the next day he says that this is a crazy target.

The biggest example of maladministration in Australian politics in the last 20 years was the opposition's costings at the last federal election. Not only had they promised to cut services and cut programs, but their costings came up short—to the tune of $11 billion. Not even their accountants would give an unqualified audit of their figures. And they have the hide to criticise this government for its record on economic management, particularly in a period in which the Rudd-Gillard government has managed the largest economic crisis our country has seen in the last 50 years.

When the global financial crisis hit, the Rudd-Gillard government acted quickly and decisively in response to the threat to the Australian economy. We implemented a stimulus program that protected Australian workers' jobs. We protected communities and we protected our economy, so much so that Australia now has one of the best-performing economies in the world. We have an unemployment rate that is half that of the United States and the United Kingdom. We have a record terms of trade, and levels of net debt 6½ times below the OECD average. And we do this with a plan to increase superannuation and a plan to cut the company tax rate. In all respects, this government is delivering on behalf of the people of Australia, and it is a cogent plan for the future.

Senator HUMPHRIES (Australian Capital Territory) (17:36): As I move around my electorate, the ACT, and travel to other places around Australia, I have to say that there is one sentiment that comes through almost universally, almost without fail. And it comes through even from people who I know have been supporters of the Labor Party in the past. It is a theme that recurs again and again—that is, that this Gillard Labor government has lost its way, that the government cannot be trusted, that the government she leads cannot be believed in what it says to the Australian people. And it is not difficult to see why. This government has systematically, comprehensively trashed its authority. You could not script a fall from grace, in the eyes of the Australian people, as perfectly as this government has executed it. If the polls are to be believed, no government in the history of Australian politics has spent so much on so many half-baked schemes to so little electoral benefit.

Why is this? Why is it that this government has so comprehensively lost its
way and lost the confidence of the Australian people? It has lost their trust. Why? It is not hard to see why. The Australian people now see these examples recurring again and again before their eyes and they have become almost axioms in the eyes of many people.

Of course, the previous government, the Rudd government, broke such a long list of promises, such a litany of commitments to the Australian people, that their lack of trustworthiness on the question of keeping their word became almost legendary. The 10 minutes or so I have in this place does not give me a chance to even scratch the surface of those broken promises. They promised to cut the number of consultancies the federal government used; they in fact increased the number of consultancies. They promised a laptop on the desk of every school student; most of that scheme is yet to be delivered. They promised 260 childcare centres; only 38 were ultimately delivered. They promised 36 GP superclinics; I think only three have been delivered so far. They promised to stop whaling in our waters by Japanese whaling boats, a promise not delivered on. They promised a department of homeland security. They promised an election debates commission. They promised an Auditor-General review of government advertising. They promised to make sure all major projects would be subject to cost-benefit analyses. They promised a grocery choice scheme. They promised Fuelwatch. And the list goes on and on and on. It is not difficult to understand why people, who I suppose are already inured, to be frank, to a certain level of suspicion of politicians, would so comprehensively believe that this government has reached the gold standard when it comes to breaking promises.

Ms Gillard was the deputy leader of the Rudd government and, since taking the reins of this government herself, has perfected the technique of breaking election promises. She has a host of broken promises to her own name. But of course one stands out, in a way which is in a sense a little hard to understand. It is the promise that she broke with respect to the carbon tax. It is a promise that was, in a sense, less audacious than many of those broken by her predecessor. But the fact is that this broken promise, the particular promise she made that there would be no carbon tax under the government I lead', has crystallised the Australian public's view of this government. This broken promise has told the Australian people more than any other broken promise made by this government that it cannot be trusted. It is a government not true to its word. And the government's shallow and unconvincing attempts to direct the ire of the Australian community away from that broken promise have been singularly unsuccessful. That is why today, a month or more after some of the details of this government's carbon tax have been laid on the table, it is still failing to reap much benefit from the delivery of this carbon tax and the details of this carbon tax because, frankly, far too many Australians have ceased to listen to this government, are no longer interested in what this government has to say, because they simply do not believe what they hear.

The recent events surrounding the member for Dobell reinforce yet again the sense that this government is a government that is not prepared to live by its word. A government that promised transparency in government, a government that promised a higher standard with respect to the behaviour of ministers and members than the previous government had exhibited, has delivered what I think can fairly be described as the most conspicuously disgraceful piece of cover-up that this community has seen for a very long time.

The opposition acknowledges that the member for Dobell may face proceedings,
and he is absolutely entitled to the presumption of innocence with respect to those proceedings. But there are other matters that the member for Dobell has faced which are not on-foot, which are concluded and about which the parliament deserves an explanation—and neither the public nor the parliament has received that explanation. Again, even if the Prime Minister were to offer an explanation as to, for example, why $90,000 of funds of members of the Australian Labor Party has been put to settling a defamation action which was promptly then cancelled and the money used to disburse legal costs, even if the Prime Minister were to account today for why that occurred, I doubt that many Australians would be listening to hear—because they have ceased to trust her and her government.

The matter of public importance motion that has been moved today again draws attention to this government's maladministration. Again, in just a few minutes it is impossible to do more than scratch the surface of that—broken promise after broken promise, botched execution of a scheme after botched execution of a scheme. The figures entailed in these failures of administration almost boggle the mind. On the government's own appointed assessor's view, for example, of its BER scheme, the Building the Education Revolution scheme, we hear that waste in public schools in New South Wales and Victoria alone cost $1.53 billion—a loss of effectiveness of $1,530 million has been squandered by this government on their own independent commissioner's assessment.

Yet these days it almost does not register with the Australian community because its level of waste and mismanagement is of such a scale that that figure almost means nothing. The $50 million wasted on the pink batts scheme is small fry in comparison with that; the $67 million wasted on the set-top box program; the concern in the community about the $25 million to sell a carbon tax before the scheme has even passed the parliament and even before people understand what is entailed in the scheme; and there is the $7 million wasted on market research testing federal government policies. We do not need market research to know what is happening to federal government policies. Then there is the abject failure, the smoking ruin, of a policy that the government's so-called Malaysian solution represents. This has again simply reinforced the sense that this government has reached a gold standard when it comes to broken promises and maladministered schemes.

I am concerned about these things because the value of Australian government, the authority of Australian government, is an important asset that everybody in this chamber ought to protect. At the end of the day, whoever takes responsibility for the Treasury benches needs to be able to deliver a certain number of programs and actions through the credibility of being the government of the country. I do not know that anybody can occupy the Treasury benches of this country anytime soon and look the Australian people in the eye and command that kind of respect, precisely because of the way in which this government has trashed that authority and debased that currency.

Senator FAULKNER (New South Wales) (17:46): This matter of public importance has again demonstrated the fact that Her Majesty's opposition really is just a one-trick pony. All they offer is relentless negativity and carping criticism of the government. And of course the Leader of the Opposition, Mr Abbott, is relentlessly and exclusively negative. I have to say that as each day passes he becomes more extreme, more reckless and more inconsistent in what he says.
I give Mr Abbott great credit for being an absolute expert in rewriting history. He is very good at it. Look at what he said about a carbon tax, or an emissions trading scheme. He said he never supported one. But on Star FM Gippsland on 19 July 2011 he said, 'I mean, that is my position and that has always been my position. But I've never been in favour of a carbon tax or an emissions trading scheme and what the coalition is proposing to do is to take what some people call "no regrets" action.' Well, what about when he supported a tax, like on Sky News on 29 July 2009:

I also think that if you want to put a price on carbon why not just do it with a simple tax.

Or what about when he supported an emissions trading scheme, like on 2UE on 29 November 2009: 'You cannot have a climate change policy without supporting this ETS at this time.' Or on ABC Lateline on 2 October 2009:

We don't want to play games with the planet. So we are taking this issue seriously and we would like to see an ETS.

That is just out of Mr Abbott's own mouth.

But it is an incredible thing that Mr Abbott is so negative he is now even against himself, and that takes some doing. He reckons his own ETS target is crazy, although it depends on who the audience is. For example, on 18 July 2011 on mamamia.com he said:

Both the government and the opposition accept that Australia should reduce our emissions by 5 per cent by 2020.

But, at a seniors forum on the same day he said: 'And the other crazy thing about this is that at the same time that our country is proposing to reduce its emissions by five per cent, just five per cent, the Chinese are proposing to increase their emissions by 500 per cent.' It is a remarkable thing when somebody is so negative that they are even against themselves, and Mr Abbott of course has achieved that.

Those with an interest in the history of cinema might remember Groucho Marx singing *Whatever It Is, I'm Against It*, which was composed by Bert Kalmar and Harry Ruby, in that famous 1932 Marx Brothers film, *Horse Feathers*. It struck me that, if the Liberal Party are looking for a campaign jingle or Mr Abbott would like to have a theme song, there it is: *Whatever It Is, I'm Against It* from *Horse Feathers*.

I thought today I might take the opportunity on this matter of public importance to share some of those lyrics with you. Of course, unlike some senators I will not be singing the lyrics!

The first verse is this:

I don’t know what they have to say,
   It makes no difference anyway—
   Whatever it is, I’m against it!

No matter what it is or who commenced it,
   I’m against it.

It is very Mr Abbott, don't you think? The second verse seems as relevant today for Mr Abbott as it was when Kalmar and Ruby penned it 80 years ago. Let me share that with the Senate:

Your proposition may be good
   But let’s have one thing understood—
   Whatever it is, I’m against it!

And even when you’ve changed it or condensed it,
   I’m against it.

Then if you did not like the first two verses there is always the third verse—and you are smiling, Madam Acting Deputy President Coonan, so I assume you did like my rendition of it.

**Senator Colbeck:** The tempo is wrong.
Senator FAULKNER: I have not sung the words; I have merely read them into the Hansard. The third verse goes on:

I’m opposed to it—
On general principles I’m opposed to it!
The third verse finishes with some perfect lyrics which my friends in the Liberal Party can take to the party room when it meets tomorrow morning. This is the chorus:
He’s opposed to it!
In fact, in word, in deed,
He’s opposed to it!

I would commend any interested senator, or anybody else who might like to take a closer look at this, to listen to Groucho Marx perform the original in Horse Feathers. It is just uncanny if you shut your eyes and listen. You would think it was not Groucho Marx 80 years ago but that it is Tony Abbott today. That is the Liberal Party for you. On the other hand, the government is continually doing what is necessary to keep Australia’s economy strong, to look to the future, to provide opportunity to all, to have the determination to do what is right, even if there are some costs from time to time in short-term popularity.

Look at what has happened in the last few weeks. The government has finalised national health reform arrangements which will deliver a better deal for patients including a $16.4 billion investment in the health system. Also the government has made great progress in major reform of disability services in Australia to lay the foundation of a national disability insurance scheme. The Productivity Commission has recommended that, like Medicare, Australians should be insured against significant disability. The government has taken up that report and has committed an additional $10 billion this year to build the foundations for reform. And in aged care, the government has released the 2011 Productivity Commission report Caring for Older Australians. The government is determined to make the necessary reforms to our aged care system as part of a broader aged care agenda that will deliver positive outcomes for older Australians and also for those who care for them. In the face of relentless negativity, I would say the government continues to do what is necessary to keep Australia’s economy strong and to make positive reforms for the future.

The ACTING DEPUTY PRESIDENT
(Senator Coonan): The time for the discussion has expired.

PARLIAMENTARY REPRESENTATION
Valedictory

Senator KROGER (Victoria—Chief Opposition Whip in the Senate) (17:56): by leave—I note the time is four minutes to six and when you rise as chair tonight, Madam Acting Deputy President Coonan, at six o’clock I would also like to note that you will be rising as a senator for New South Wales. It would be remiss of me not to put on the record our thanks to you for the enormous contribution you have made not only to the coalition and to the Liberal Party but to the people of New South Wales and to the people of Australia. You have served this Senate and those in New South Wales with enormous distinction. You have been a wonderful mentor for many of us. You have been very generous in sharing your knowledge and experience and have given great advice. We wish you our very best for the years to come. We know many careers will be opened up for you to pursue and we wish you all the best. In particular, thank you for the enormous contribution you have made.

Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development
and Minister for Social Housing and Homelessness) (17:58): by leave—On behalf of the government, I would like to affirm the comments made by Senator Kroger. As a New South Wales senator, I am well aware of your work and commitment to the people of New South Wales and to your constituents. Also, as someone who has observed you as a minister and a cabinet member, I know that you have had a number of difficult and challenging portfolios. You have always put the interests of the government and the country first. On behalf of the government, I wish you well in your future endeavours.

The ACTING DEPUTY PRESIDENT (Senator Coonan): I thank all senators for their courtesy and their graciousness. I certainly wish the Senate all the very best in the important deliberations that will be before all of you. As I said before, it is with great regret that I made my decision, but I do thank the Senate very much and wish everybody very well for the future.

DOCUMENTS
Department of Agriculture, Fisheries and Forestry Report on Livestock Mortalities During Exports by Sea Tabling
Senator ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (17:59): I table a replacement copy of a government document tabled on 16 August 2011 relating to livestock mortalities during exports by sea during the period 1 January to 30 June 2011. The change has been highlighted.

COMMITTEES
Economics Legislation Committee
Report
Senator KROGER (Victoria—Chief Opposition Whip in the Senate) (18:00): by leave—I present additional comments relating to the report of the Economics Legislation Committee on the drafts settled with state-territory officials, of the Business Names Registration Bill 2011 and related bills, tabled on 16 August 2011.

Ordered that the document be printed.

Membership
The ACTING DEPUTY PRESIDENT (Senator Mark Bishop) (18:00): The President has received letters from a party leader requesting changes in the membership of committees.

Senator ARBIB: by leave—I move:
That senators be discharged from and appointed to committees as follows:

Environment and Communications References Committee—
Appointed—
Substitute member: Senator Ludlam to replace Senator Waters for the committee’s inquiry into recent programming decisions made by the Australian Broadcasting Corporation
Participating member: Senator Waters

Legal and Constitutional Affairs References Committee—
Appointed—
Substitute member: Senator Hanson-Young to replace Senator Wright for the committee’s inquiry into the agreement between Australia and Malaysia in relation to asylum seekers
Participating member: Senator Wright.

Question agreed to.
BILLS

Customs Amendment (Anti-dumping Improvements) Bill 2011
Industrial Chemicals (Notification and Assessment) Amendment (Inventory) Bill 2011
National Health Reform Amendment (National Health Performance Authority) Bill 2011

First Reading

Bills received from the House of Representatives.

Senator ARBIB: I indicate to the Senate that these bills are being introduced together. After debate on the motion for the second reading has been adjourned, I will be moving a motion to have the bills listed separately on the Notice Paper. 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 ARBIB (New South Wales—Minister for Sport, Minister for Indigenous Employment and Economic Development and Minister for Social Housing and Homelessness) (18:02): I present a revised explanatory memorandum relating to the National Health Reform Amendment (National Health Performance Authority) Bill 2011 and move:

That these bills be now read a second time.

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

Leave granted.

The speeches read as follows—

CUSTOMS AMENDMENT (ANTI-DUMPING IMPROVEMENTS) BILL 2011

I am pleased to present the Customs Amendment (Anti-dumping Improvements) Bill 2011, representing the first tranche of legislation implementing the Government’s improvements to Australia’s anti-dumping system.

The package of improvements announced by the Gillard Government on the 22nd of June 2011, are the most important changes to Australia’s anti-dumping regime in more than a decade. These changes will improve the way we administer global anti-dumping rules in Australia, and better align our laws and practices with other countries.

These changes overall will improve the anti-dumping system’s effectiveness and they are vital because, even though our economy is strong, some local industries are vulnerable to dumping.

The Government’s package of improvements to the anti-dumping system will help keep our economy strong and provide greater certainty and support for our local industries, workers, families and communities against unfair dumping practices.

The package of improvements announced by the Government on June the 22nd include the Government’s response to the Productivity Commission’s Report into Australia’s anti-dumping system. These changes also respond to issues identified by Senator Xenophon, in a Private Member's Bill introduced into the Senate in March, and also take account of important issues that have been raised by stakeholders in relation to the operation of Australia’s anti-dumping system.

The improvements that I am introducing today capture four key themes which have been at the heart of the Government’s detailed examination of how the existing anti-dumping system can be improved.

First, these changes improve the timeliness of the anti-dumping system through the imposition of a time-limit on Ministerial decision making.

Second, we will improve decision-making by clarifying that all appropriate and relevant factors which may indicate material injury to an
Australian industry are specifically listed as factors to which the Minister may have regard.

Third, these changes aim to provide greater comparability of Australia’s anti-dumping system with those of other jurisdictions, and further implement the relevant World Trade Organization Agreements which provide the basis for internationally agreed anti-dumping rules.

Fourth, these changes will clarify that parties with a clear interest in anti-dumping matters are expressly given an opportunity to participate in anti-dumping investigations.

These amendments were developed after consultation with industry, and subsequently drafted in consultation with the Attorney-General’s Department, and the Department of Foreign Affairs and Trade, in order to ensure that they are consistent with Australia’s international legal obligations.

Timeframe for Ministerial decision making.

In relation to the improved timeliness of the system, these amendments provide that the Minister will exercise decision-making powers within 30 days of receiving a report or recommendation on which to make a decision.

Unlike all the other decisions and processes in the anti-dumping system there are currently no legislative time constraints governing the Minister’s decision.

The responsible Minister has a large range of decision-making functions in the anti-dumping system and may make decisions following:

- an investigation to determine whether anti-dumping or countervailing measures should be imposed,
- a continuation inquiry to determine whether anti-dumping or countervailing measures should continue beyond the specified expiry date,
- a review of measures to determine whether measures should be varied to reflect contemporary market conditions, or revoked where they are no longer justified, or
- a review (appeal) to the Review Officer of an earlier Ministerial decision, including where relevant, where a re-investigation has been performed by Customs and Border Protection.

The amendments provide that, subject to extenuating circumstances, the Minister will make a decision within 30 days of receiving the relevant report/recommendations.

There are clear benefits in imposing a time limit on Ministerial decision-making, providing greater certainty for parties, and ultimately reducing the overall timeframe to conclude an investigation. Maintaining Australia’s comparatively brief investigative timeframes is important because anti-dumping investigations affect the commercial operations of a range of stakeholders.

Consideration of injury factors

In relation to improved decision making, these amendments provide that, in determining whether material injury to an Australian industry has been or is being caused or is threatened, the Minister may consider any impacts on jobs and any impact on investment in the domestic industry producing like goods to the goods the subject of the investigation.

The Customs Act currently contains a list of relevant economic factors which the Minister may have regard to when determining material injury, however, certain injury factors could be more adequately considered when assessing whether dumping or subsidisation has caused material injury.

The impact on jobs and investment in an industry are two such factors.

The amendments provide that the Minister can consider any impact on jobs in the domestic industry producing like goods, not just the effects currently specified. As well as the wage rate and the number of workers employed, the Minister would be able to consider all aspects of the terms and conditions of employment, including the number of hours worked and the incidence of part-time employment.

The amendments also provide that the Minister can examine any impact on investment in the industry, to again ensure that a broad examination of the factors affecting investment is permitted.

Expanding the list of actionable subsidies

In relation to ensuring that Australia’s anti-dumping system is in step with comparable administrations, these amendments ensure that
Australian industry can apply for countervailing duties on the full range of actionable subsidies provided by the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture.

These WTO Agreements specify the types of government subsidies that can be actioned by another country. Australian legislation has not reflected the fact that some subsidies were excluded on a temporary basis. As a result, Australian companies cannot currently seek remedies in relation to these subsidies.

These amendments update the Customs Act to reflect all countervailable subsidies under the WTO including certain assistance:
- for research activities conducted by firms or by higher education and research establishments
- for disadvantaged regions pursuant to a general framework of regional development
- to enable firms to adapt to new environmental requirements, and for a variety of government programs that provide services or benefits to agriculture.

These amendments ensure that Australian companies can take action against subsidies of this nature where such subsidies cause material injury. Australian companies will therefore be operating on a level-playing field compared to manufacturers and producers in other jurisdictions, as they are no longer disadvantaged by restrictions associated with out of date legislation.

**Expanding the definition of “interested party”**

In relation to accessibility, these amendments ensure that all relevant parties are expressly recognised as having rights to participate in anti-dumping and countervailing investigations as an “interested party”.

An “interested party” to an investigation is currently defined in section 269T of the Customs Act to comprise, in broad terms, domestic manufacturers and producers, importers, exporters, trade organisations and foreign governments.

Submissions to Government suggest that in the present system some stakeholder groups, who should be engaged, are not properly engaged in anti-dumping investigations.

The amendments clarify that industry associations, trade unions and downstream industry (whether or not they are an importer) who have a direct interest in a particular matter can be treated as interested parties. The amendments further confirm that these parties can participate in an investigation.

This change will not affect the present standing requirements determining who can bring an application for anti-dumping or countervailing measures. Rather, the amendments make it clear who has a right to participate in investigations once an application is initiated.

These amendments will facilitate the provision of relevant information to Customs and Border Protection during the investigation phase and ensure that reports and recommendations made to the Minister take account of the views and interests of this broader range of stakeholders.

**Concluding remarks**

The Government is committed to ensuring that we have an effective, accessible anti-dumping system that complies with WTO obligations. The first tranche of changes set out in this Bill, directly respond to concerns expressed by stakeholders about the accessibility and timeliness of the anti-dumping system. These amendments will further strengthen the anti-dumping system by improving decision-making in relation to how material injury to an Australian industry is assessed.

It will also improve accessibility by ensuring that interested parties with a stake in an anti-dumping matter will have the opportunity to participate and be heard in anti-dumping investigations.

The Government believes that better support can be provided to our local industries and workforce with a streamlined, rigorous and better resourced anti-dumping system. The Government’s package of improvements, of which this Bill is the first tranche, will provide more certainty for local manufacturers and primary producers resulting in more confidence to invest in the future. Indeed, the rules against
unfair dumping practices will be more effectively applied.

This Bill will result in better access to the anti-dumping system; improved timeliness; improved quality of decision making and greater consistency with other countries, in line with WTO guidelines.

INDUSTRIAL CHEMICALS (NOTIFICATION AND ASSESSMENT) AMENDMENT (INVENTORY) BILL 2011

I am pleased to introduce the Industrial Chemicals (Notification and Assessment) Amendment (Inventory) Bill 2011 which amends the Industrial Chemicals (Notification and Assessment) Act 1989 (the Act).

The Industrial Chemicals (Notification and Assessment) Act establishes a national system of notification and assessment of industrial chemicals used in Australia to aid in the protection of human health and safety and the environment, to provide for registration of certain persons proposing to introduce industrial chemicals and to enable making of national standards for cosmetics manufactured or imported into Australia. The National Industrial Chemicals Notification and Assessment Scheme (NICNAS), administers the Act. The activities of NICNAS therefore underpin essential advice to other Government agencies which collectively make up Australia's regulatory system for industrial chemicals

The Bill presents amendments that continue to deliver on the Government's commitment to decreasing regulatory burden and efficiently using resources while maintaining health and environmental safety.

The Bill does this by implementing important parts of NICNAS's continuing reform program, namely, the completion of the reforms to the cosmetic therapeutic interface and making technical, but no less important changes to enhance the administration and efficiency of the scheme's assessment processes.

The Bill underpins completion of the cosmetic regulatory reforms largely implemented through amendment of the Act in 2007 as part of the Low Regulatory Concern Chemicals reform initiative.

In 2007, in order to facilitate the transfer of regulatory responsibility for certain low-risk products at the therapeutic-cosmetic interface from the Therapeutic Goods Administration (the TGA) to NICNAS, changes to the Act resulted in the introduction of the NICNAS Cosmetics Standard. The Standard enabled NICNAS to regulate certain cosmetics by prescribing minimum standards for these products in Australia and imposed penalties for non-compliance. However, a mechanism to transfer the chemicals in these cosmetic products from the TGA onto the Australian Inventory of Chemical Substances (AICS) had not been developed at that time.

In the absence of the transfer mechanism, some introducers of the chemicals have to meet the requirements of the new chemicals framework with the associated notification and assessment costs or reporting obligations.

The proposed Bill will make the necessary changes to the Act to address this regulatory gap in the protection of public health and enable proper regulation of chemicals in these cosmetics products through entry of the chemicals on the national Inventory.

This regulatory mechanism used to transfer chemicals in cosmetics (which have been transferred from the TGA to NICNAS) can also be used for other chemicals. This means that chemicals in products previously regulated by other Commonwealth agencies can be smoothly transferred to NICNAS.

The power to place chemicals that have been transferred to NICNAS onto the AICS will be open and transparent. As some chemicals to be transferred to NICNAS may not have been assessed by the other Commonwealth agency, the transfer procedure will allow public submissions on a proposal to include or not include a transferred chemical onto the AICS. The Director's decision to include or not include a transferred chemical on AICS is also reviewable by the AAT.

In cases where transferred chemicals have been assessed and controls have been implemented by the other agency, the controls will be able to be maintained, ensuring that legal
obligations to comply with pre-existing controls are preserved.

For example, the cosmetic reforms in 2007 included the transfer of regulatory responsibility for secondary sunscreen products which are applied to the skin (for example, moisturisers containing a sunscreening chemical). Currently, NICNAS assesses the UV filter chemicals in these products by requesting, on a case by case basis, the additional data required for sunscreens under the TGA.

The Bill addresses the more efficient collection of these data by creating a new section in the schedule of data requirements to include those requirements that are specific to UV filters.

The intent of this amendment to the Schedule is to formalise current arrangements and maintain a consistent approach to the assessment of these chemicals across regulatory schemes.

The Bill also makes technical amendments to the Schedule to the Act to improve clarity and consistency to other data requirements for new chemicals assessments. These proposed technical amendments will not place any significant additional requirements on the industrial chemicals industry.

One technical amendment removes the current requirement for NICNAS to publish summary assessment reports.

The need to publish summary reports was originally included in the Act at a time when NICNAS assessment reports were only available in hard copy and had to be purchased. As a result, a summary report was made available free of charge. With the advent of the Internet, the NICNAS assessment reports are now freely available on the NICNAS website, rendering the publication of summary reports obsolete. However, to facilitate public access to these reports, NICNAS will publish a short notice outlining the key content of new assessment reports in the Chemical Gazette, with a link to those reports.

These amendments have been developed in response to industry and community concerns and in close consultation with industry, government and the community. The proposed amendments enable NICNAS to properly regulate chemicals used in cosmetics (and any other chemicals transferred from other Commonwealth regulatory schemes) and improve current data requirements and administrative processes to provide a more efficient process and make more information available to stakeholders. The Bill does this while, of course, maintaining existing levels of worker safety, public health and environmental standards.

These amendments therefore represent an important step in improving the operation of Australia’s framework for regulating chemicals and reflect the Government’s commitment to ensure the most efficient regulatory system is in place for industrial chemicals, including those in cosmetics.

NATIONAL HEALTH REFORM AMENDMENT (NATIONAL HEALTH PERFORMANCE AUTHORITY) BILL 2011

Today I am introducing legislation that will form part of the new backbone of a modern, integrated, high performing health system.

It is a result of the Government’s historic agreement with all states and territories to undertake fundamental reform of our health and hospitals system.

Today I am taking a critical step with the introduction of this legislation to create a National Health Performance Authority – the new watchdog for Australia’s health system.

The performance authority will work to:

- open up the performance of the health and hospital system to new levels of national transparency and accountability
- allow for the identification of high performing parts of the health system so those successes can be transferred to other areas
- identify areas of the health system that require improvement so that action can be taken; and
- improve the health care choices of Australians in making key decisions about their own health care needs

This forms one critical element of a new health system – one that is sustainable, transparent, efficient, high-performing and well resourced.
The reform of Australia’s health system is one of the most important public policy challenges of this generation.

In many ways we are lucky that Australia has one of the most impressive public health systems in the world – our doctors and nurses are world class, our public system provides free hospital care for all and it delivers outcomes such as low infant mortality and long life expectancy.

But we’re faced with a health system that is fragmented, costly, under resourced, unsustainable, overly focused on acute care and with constant pressure to deliver for more patients with more complex needs.

And our access is not truly universal – improving the health of Australia’s first peoples remains a massive challenge.

All of this would be challenge enough – but add to this the fact that Australia’s ‘baby boomers’ are now starting to retire. This population bubble will place more pressure on our hospitals as doctors and nurses retire, and more people require acute care.

We’ve attacked these challenges ferociously since we entered office in 2007. We’ve taken the short term measures that have been needed to avert pressures becoming crisis while we’ve worked to reshape our health system for the long term.

Hospital funding increased by $20 billion, over 70,000 more elective surgery operations have been delivered, the cap on the number of GPs being trained has been lifted with 475 new doctors now in training, the number of nurse places in universities has increased by over 1,000 a year, and primary care and preventative health is a renewed focus for government. And just this week I have announced 518 trainee specialist places - a ten fold increase compared to 2007.

But truly putting our health system on a sustainable path requires fundamental reform. A genuine national deal was needed to make the changes necessary to ensure our health system is not overwhelmed by the rising costs of health treatment, to provide safer and higher quality services, to manage the demand for health services from an ageing population and the need for effective reporting and monitoring on the performance of health service providers.

The Government is now delivering this. Our 13 February agreement with all Australian states and territories on health reform creates a genuine partnership that will deliver much needed change to our health system.

The partnership that this Government has entered into with the states and territories demonstrates our commitment to action on health reform, and most importantly, to take decisive action to deliver a better deal for patients, and a better deal for communities.

It means more money for hospital beds, increased local control of health services, greater transparency and less waste.

One of the greatest challenges facing our health system is ensuring it has enough money into the future.

Therefore, the Government will inject an extra $19.8 billion into public hospitals, on top of the extra $20 billion we have already provided, and develop robust national standards to make sure that money is directed straight to hospitals and patients.

The Government will meet 45 per cent of the growth in efficient hospital costs by 2014-15 and 50 per cent from 2017-18. From that point, the Commonwealth and the states and territories will meet the cost of efficient hospital funding growth on an equal basis. The Commonwealth’s contribution will include funding of no less than $16.4 billion towards public hospital funding growth over the next decade, and $3.4 billion extra for emergency departments, elective surgery and 1,316 sub-acute hospital beds over the next four years.

A new national funding pool will be created which will deliver unprecedented transparency in the way hospitals are funded. These changes to the funding arrangements will provide security for hospital services into the future, combined with important changes in the delivery of vital health services.

But in order to drive improvements in patient outcomes, it is vital that patients have access to better information about the performance of hospitals and other key health care providers.
This Government is committed to increasing the transparency of government and the services it delivers.

We firmly believe that with transparency comes a greater chance of improving public services and empowering the public to make decisions based on the best information.

There’s no better example of that than our reforms to the way that parents can make decisions about their children’s education through the MySchool website.

Building on this success in the health portfolio we have also implemented the MyHospitals website which for the first time allows all Australians to see the performance of their individual hospitals including waiting times for elective surgery procedures and emergency department care.

Our health reforms will drive this further. We’ve listened to the advice of the National Health and Hospitals Reform Commission that said performance reporting would “promote a culture of continuous improvement” and improve consumer literacy of the health system.

They recommended the development of national access targets, performance reporting that compares the clinical performance of hospitals and health services (both public and private) and reporting on safety and quality performance and patient satisfaction.

Our health reform agreement delivers on that reporting, targets and transparency to improve health services.

This includes:

- new national standards for emergency department care and elective surgery to improve waiting times for patients in our hospitals; and
- a new Performance and Accountability Framework so that hospitals will have to measure and report on a range of performance, safety and quality and output measures.

This work to improve transparency will not happen by itself. It requires dedicated resources and an independent authority to oversee the work.

So the Bill I am moving today will establish an independent body to drive this performance and transparency agenda. The National Health Performance Authority will exist to improve quality, increase transparency and drive value for money in the health system.

It will drive transparency in the health system by improving Australian’s access to vital health information. Australians will have more access to information on their local hospitals, health services, primary health care and community health services.

The Authority will monitor and report assessments on the new Local Hospital Networks, public hospitals, private hospitals, and Medicare Locals.

The Authority will publicly report this information through new Hospital performance reports and Healthy Community Reports – that will be available for Australians to see on the Internet.

These reports will show how each Local Hospital Network and Medicare Local is performing – as well as individual hospitals, private hospitals and other organisations.

To achieve this the Authority will collect, analyse and interpret performance information and promote and conduct research into new and existing performance tools. Where performance needs to be measured in a new way – the authority will have the ability to develop new measurements to assess performance.

Other performance related tasks may also be referred to the Authority.

Its independence will ensure that Australians know that nationally comparable information will be available and that it has been independently analysed.

It will mean that Australians will have a much better picture of how their health services are performing – and the differences in performance between big cities, outer metropolitan areas, regional centres and remote services. That will give further impetus to improve the equality of service provision.

To ensure the Performance Authority’s membership has the necessary degree of health care expertise in rural and regional health issues, at least one member must have substantial experience and standing in the health care needs
of people living in regional or rural areas, and must understand the challenges of providing first class health care services to these Australians.

Seven members of the authority will be ministerially appointed in line with the health reform agreement – a chair from the Commonwealth, a Deputy Chair from the states and territories and five members to be appointed with the agreement of the Commonwealth and the states and territories.

Consistent with COAG’s original decision in April 2010, the Performance Authority is to be established as a statutory authority under the Financial Management and Accountability Act 1997, or FMA Act.

A Chief Executive Officer will be ministerially appointed after consultations with the National Health Performance Authority. The Chief Executive Officer will manage the Authority and will be directly accountable to the Commonwealth Health Minister for the financial management of the Agency. The Chief Executive Officer will serve on a full time basis for a period of up to five years, and is eligible for re-appointment.

Through this Bill, Australia can take another large leap on the path to a modern, high-performing health system. One that prioritises continuous improvement and accountability to the patients it serves.

This will be a powerful independent watchdog body that by using the power of accurate information will push our hospitals to deliver better services and push our primary health sector to develop and improve.

It will guide policy makers to develop better solutions that give greater account to our regional differences – and will help patients to make better decisions on their own care.

This is one of the first steps of our major national health reforms. Reforms which are critical to delivering for Australians a health system that delivers the services to Australians that we deserve and expect.

Debate adjourned.
As I was saying just before question time, the reality is that there is a very significant likelihood that, as far as sequestration of carbon is concerned, the effect of this legislation will be very minimal because it is so restrictive. According to the National Farmers Federation, you will not even be able to plant a windbreak. That is obviously a common practice, and it will be ruled out under this process. A lot of the opportunities for reintroducing vegetation back into the landscape—which is one of the objectives of this piece of legislation—like the replanting of riparian reserves and putting some native vegetation back around those sensitive zones, because they are common practice will be ruled out by the additionality test. Under the methodologies, they will be restricted.

We are also concerned that the government has not been prepared to listen to what I think were very sensible suggestions of behalf of the opposition around the risk of reversal test. As I have said in a number of contributions on this piece of legislation, a blanket five per cent really does not make sense given the significant variability in the risks of reversal for different forms of sequestration, whether it be through native vegetation and trees or soil sequestration, which is something that is obviously still being developed. The fact that there is a range of risk factors in the risk of reversal process indicates to the opposition—which the government is unfortunately not prepared to take up—that the risk of reversal process should be included in the methodologies for the various plans, because that is where they are best assessed and dealt with.

The other issue is water. For the first time that I can recall, the government has placed in the legislative process a requirement to have a high-security water licence for growing trees, particularly in high rainfall areas. The government has just placed blanket ranges for those required high-quality water rights. Again, that is something that should be much better developed and dealt with in the methodologies because it is very dependent on the species, the location in the catchment and the topography of the land that it is being developed on. Here we have a very fixed approach to dealing with issues that have significant sensitivities and variabilities across different methods. It is really disappointing that we still do not have some of the information that assesses the impacts of this legislation. We expressed concerns about that during the Senate inquiry process. Obviously we still do not have information that we could use to assess the impacts of these measures.

We can talk about what the government is trying to achieve with this legislation versus what it is doing in other policy processes. For example, something that went ahead with the agreement of the opposition was the attempt to ensure that the right things were planted in the right places on agricultural land, but in Tasmania, in a backdoor deal with the Greens, the government is looking to lock up significant areas of Tasmanian native forests and replace that resource with plantations. Under the projections that I have seen, this will take up 100,000 hectares of Tasmania's agricultural land, which is something like 10 per cent of the area.

The government is seeking to reduce carbon emissions but under its carbon tax it is ruling out biomass, which could reduce by 96 per cent something of the order of 8,000 gigawatt hours of electricity generation. Bear in mind that on a life-cycle basis, biomass produces only four percent of the emissions released when generating electricity by using coal. So in one circumstance the government says that it is looking to reduce CO₂ emissions but its actions in another are doing the opposite.
We expressed our concerns about the stated intentions of the government versus what its actions really are. As I have said, with the restrictions that are placed around this piece of legislation the opposition is concerned that it will not sequester much carbon at all. Because of the lack of work that has been done and the amount of work that remains to be done to get this particular program operational, it probably will not have sequestered anything by the time we get to the next election, which is a pity. Also, the operation of this mechanism will change significantly if we get to the stage of operating it in conjunction with an emissions trading scheme.

I will conclude my remarks by expressing disappointment that the government seems to be held hostage by the Greens in its decision making processes rather than taking a sensible approach. I think some of the opposition's suggestions in and around the methodologies are quite sensible. We could have a piece of legislation that would be effective in sequestering carbon, be of use to farmers and have some effect, but because of the sensitivities and the impositions of the Greens we are going to have something that really does not do much for farmers at all.

Question put:
That these bills be now read a third time.
The Senate divided. [18:16]
(The PRESIDENT—Senator the Hon. J J Hogg)

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Question agreed to.
Bills read a third time.

**Tax Laws Amendment (Research and Development) Bill 2010**

**Income Tax Rates Amendment (Research and Development) Bill 2010**

Second Reading
Debate resumed on the motion:
That these bills be now read a second time.
Senator COLBECK (Tasmania) (18:19): I note that my colleague Senator Birmingham made a statement at the commencement of debate on the Carbon Farming Initiative legislation about how disorganised the government was in the development of that bill. These next pieces of legislation are again symbolic of the shambles that the government's industry policy is under Minister Carr. We have seen the absolutely devastating figures that were reflected today with the announcement by BlueScope Steel that it is going to shut down one of its blast furnaces at Port Kembla, with 1,000 job losses. This comes on top of the announcement last week of 400 job losses at OneSteel. You can understand the uncertainty that exists within industry given the complete mess that the government has got itself into with this legislation. When this legislation was first brought up we were told that it was a legislative priority. It was in fact supposed to commence operations from 1 July 2010, and here we are in the second half of 2011 just starting to debate the legislation in the Senate for the first time.

Right from the start, the consultation guidelines and the consultation process that Minister Carr undertook were being criticised. They were, as I said, an indication of the complete shambles that industry policy is under Minister Carr. This is a statement from the dissenting report by coalition senators on these bills:

Consultation timelines have been highly condensed. The second exposure draft was released by Treasury on 31 March, with submissions from stakeholders due by 19 April, a total of only 10 working days. This is not sufficient time to digest 134 pages of legislation and provide substantive comments, particularly given that the second exposure draft incorporated a number of new concepts, including a completely new definition for core R&D. In addition, the tight timeframes meant that Treasury had not completed its redrafting in time for the 31 March release. As a result, the second exposure draft did not include redrafted feedstock provisions, and instead merely stated that “a feedstock adjustment rule is under consideration.” That comes from page 21 of the dissenting report. It goes on to say:

Stakeholders were not provided with an opportunity to comment on this aspect of the legislation until after it was introduced into Parliament …

So here we have the government rushing to get through a piece of legislation, rushing to start a process, and yet it clearly was not ready itself. The initial consultation process had quite obviously gone very badly and there were some changes that had to be made before the second draft came out. Even they were not completed before the rushed process was required to commence. It was interesting that it came out during estimates that the minister himself had not even looked at the modelling for this piece of legislation. While we were trying to ascertain the impacts of this through the estimates process, the minister himself had not even taken the time to acquaint himself with what was going on.

All through this process we have been given examples of how this measure will restrict access to R&D. In fact, the government has said that this is about providing greater access to R&D. The suspicion of the opposition is that this will be a cost-saving measure for the government dressed up as a way to redistribute opportunities down through the system so that smaller operations can get more access. I do not believe that any business that is involved in research and development would genuinely not be claiming its entitlements now.

There are some provisions within this legislation, particularly the tax credits process, that we are quite happy to see go ahead, but there are a number of significant
concerns that industry and the opposition continue to maintain. The first is around the definition. When they came into the hearings, witnesses were absolutely definite that the definition of core R&D was inappropriate. There were real concerns held that it would lead to additional red tape. We stated that in our report. Mr Ian Ross-Gowan, manager of Michael Johnson Associates Pty Ltd, said in part of his evidence:

It splits off the development of new knowledge from the development of new or improved product processes, devices, materials and services. If you have a manufacturing process where you are trying to develop a new process, under the current scheme you will have a project that might be a certain size. The first 30 per cent of that might be the creation of new knowledge, and the remaining 70 per cent would be the development of the new process, which by this definition is R&D. It is that 70 per cent that will get lopped off by this legislation.

All through the inquiry process, we have heard this concern about the definition of R&D. The government tried to tell us that the R&D definition was in accordance with the Frascati model. It actually transpires that it refers to only a part of it because it omits the second and critical element of Frascati. If we go to the Frascati definition, it says:

… creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humanity, culture and society, and the use of this stock of knowledge to devise new applications.

But the government's definition, as I said, omits the second critical element of the Frascati model about the use of this knowledge to devise new applications. I think the government may have backed away from its claim that it is currently using that definition. There is no question that industry continues to have concerns about the definitions that are being proposed by the government under this process.

A significant number of submissions expressed concern about the dominant purpose test. That was a major concern for industry. Again, there is the concern that it will be a large impost on industry. I go to KPMG, who said in part of their submission:

The overwhelming feedback from our diverse client base indicates that a “dominant purpose” test will exclude a large proportion of production trial activity that is a necessary and legitimate part of the research and development cycle.

We have seen in the last couple of days significant job losses in the manufacturing sector. We have seen the loss of more than 105,000 manufacturing jobs since this minister has been in the portfolio. We have also seen the worst manufacturing employment figures since ABS records were first collected. So you really have to wonder why the government wants to push ahead with this process that industry express so much concern about. And yet the government claims to be a supporter and a friend of manufacturing. It is the manufacturing sector that, in my view, will be most negatively impacted by this piece of legislation.

I come back to the dominant purpose test. A number of submissions talked about providing alternative models. Industry was out there as a part of this process looking to provide alternatives for perhaps legitimate government concerns. They looked at things such as a 'purpose directly related to' test, substantial purpose, an apportionment of expenditure, some dollar capping around extended production trials, specific provisions for specific excesses and time limits for trials and pre-approvals for projects with certain values.

I think industry has been quite willing to work with the government on these particular measures and it is quite disappointing that the government, as it appears to do on a fairly regular basis, continues to ignore industry and ignore
suggestions. We saw it with the last piece of legislation. They are not prepared to work with anybody else.

Sitting suspended from 18:30 to 19:30

Senator COLBECK: Before the dinner break I was discussing the unwillingness of the government to listen to some very sensible perspectives that have been put to it, particularly by industry, through this debate. The government has ended up having to wait until it was able to do a deal with the Greens to get this legislation passed. As I said earlier, the government's objective was for this legislation to commence operation on 1 July 2010. Its unwillingness to listen to industry and the opposition, particularly in relation to the definitions within the bill, including on the dominant purpose test, has left it in the situation where it cannot get support for the legislation. I think I said during one of the estimates hearings that we supported some elements of this legislation, but were not prepared to compromise on bad definitions.

We heard the minister say today in question time that he is a friend of industry—a friend of manufacturing—despite the fact that, under his watch, 105,000-plus manufacturing jobs have disappeared from the scene completely. He said that he would stand beside industry. I am not sure what it achieves to have the minister standing beside industry while it is busily and madly shedding jobs. He said that he would stand beside the employees, and now he is going to spend $100 million, of a $300 million scheme that has not even been legislated, to support BlueScope. The government is prepared to spend that money even though the legislation has not even been passed and the mechanisms for the allocation of that funding have not been designed yet. One wonders how the government can claim any credibility on economic policy and economic management. That has also been a feature of this debate.

One of the arguments for reform in this sector that the minister has used is rorting. Apparently, claims are being made that should not be made and claims are being made that are not justified. When we actually interrogated that at estimates we found that something of the order of 24, 28—somewhere in that range—cases over 10 years were not justified and that those cases were all being investigated. They were all being pursued in some way by the department. There is plenty of evidence to say that the cases that the minister was suggesting did not fit within the guidelines and should not have been made actually did fit within the guidelines as they stood at the time. The coalition's perspective is that we are supporting a system that has been in place for 24 years and that is well understood by industry—and the industry is happy both to work with this system and to see some changes made to the taxation regime—but we are not trying to invent some new definitions under a new act.

The claims being made by the minister were not justified. Far from being a friend of manufacturing and far from being prepared to stand beside industry, and particularly manufacturing, he is prepared to lob grenades over the barricades when it suits him and he is prepared to use the circumstances he claimed were a reason to change the legislation. He is happy to do all that. But then it comes to the crunch and we see an unfortunate situation, such as we saw today, where 1,000 people might lose their jobs through the circumstances that BlueScope Steel have found themselves in, in addition to the 400 at OneSteel last week. You really have to wonder whether the minister is a friend of industry and manufacturing. Industry group after industry group, even the unions, came in to talk to us during our
inquiry into this legislation, and they were concerned about the definitions—particularly about the new definitions and the claims being made about them by the minister.

It really does not stack up that the government can be the friend of industry that it claims to be when we see the continued rollout of bad news from the manufacturing sector. In my home patch, on the north-west coast of Tasmania, we feel it as badly as anybody. We have not had a OneSteel or a BlueScope, I know, but we have had the Tascot Templeton carpet factory close with the loss of a significant number of jobs. It was the last carpet factory of its type in the country. It was an absolute tragedy to see a business of that nature close down. We have also seen McCain move its vegetable processing offshore to New Zealand.

Tasmania is synonymous with the manufacture of paper. We have seen two paper mills, one at Burnie and one at Devonport, close down. All of that has been on the watch of the minister. The performance of the minister over the closure of the paper mills is nothing short of dismal. He set up a consultative group but did not even get the terms of reference designed before the decision was made to close down the mills. His statement was that the process was to work hand in hand with the decision-making process of the company, yet the company had given up and made its decision to close down the mills before the minister had even drafted the terms of reference for the pulp and paper consultative group. This minister cannot claim to be a friend of industry. He has presided over the loss of more than 105,000 jobs from the manufacturing sector in his time in the portfolio. In the words of the AWU national secretary, Australian manufacturing is in 'one of its worst periods since the Great Depression'. That is a significant indictment of both the minister and his manufacturing policy. He has been sitting in this chair for four years now. We are at the anniversary of the re-election of the government and we continue to see the bleeding of jobs out of the manufacturing sector. We also see the worst manufacturing employment figures since ABS records were first collected and the worst contractions in this sector for more than two years.

The opposition will not be supporting this legislation. We know that the government have waited until they have been able to do a deal with the Greens. Unfortunately, we know that when the government deal with the Greens the outcomes are not good for industry. All I can say is that things do not bode well for the future in the manufacturing sector. There are significant concerns, as I have indicated on a number of occasions, around the definitions. It is a pity that the government are not prepared, as we talked about in the last piece of legislation, to work with industry. They claim to be a friend of industry but obviously they are not. This particular minister's record is abysmal. We keep on hearing of historic and generational change in industry policy. Unfortunately, the record for this minister is that those historic and generational changes in industry policy have been for the worst and not for the benefit of industry. With this piece of legislation we see that process continuing.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (19:39): I rise tonight to support the Tax Laws Amendment (Research and Development) Bill 2010 and the Income Tax Rates Amendment (Research and Development) Bill 2010. This represents a key step forward for the economy in Australia. We know that imagination is the resource of this century. Tragically, in Australia the focus on physical resources such as iron ore and coal has distracted people from the fact that we have seen a hollowing out of the manufacturing
sector under the Howard government and subsequent to that.

It is the digging up of physical resources that has got us into the situation where we now have a two-speed economy, where we now have the high Australian dollar and where we are seeing a further loss of manufacturing jobs. But manufacturing jobs started to go offshore to low-wage economies more than 20 years ago. The reality is that Australia could not compete with low-wage economies. Yet economies like Germany, which is not a low-wage economy, built for themselves competitive advantages in certain sections of manufacturing. They did it by thinking through: what are the trends of the 21st century, what do we as a nation have to do to build manufacturing, what is our industry policy, what do we imagine the future to be that can give Germany competitive advantage? So they chose to go for the highest end of the low-carbon economy market. They wanted, for example, to build luxury cars, but the most fuel efficient cars in the world. They combined excellence with a low-carbon economy. They did it with the energy sector as well, in particular the solar sector, by bringing in a feed-in tariff. It was an industry policy that said: ‘Germany will set itself a high target to reduce emissions; it will build competitive advantage globally in renewable energy.’

We must understand that innovation and creativity, driven by imagination, are critical to rebuilding manufacturing in Australia, creating jobs and building a competitive advantage as we move into this century. When I meet with renewable energy companies and they talk about building manufacturing facilities in Australia, I say to them, ‘Other people have built those facilities in China and India, they argue there that they have critical mass, and they have a low-wage economy, so why would they want to build those facilities in Australia?’ The answer is: the more sophisticated the economy the more it needs a sophisticated and reliable workforce. They recognise that Australia is a secure environment in which to build a manufacturing industry that is based on 21st century technologies. But they need a guaranteed market to warrant the investment in the first place. That is why they want to see industry policy in the low-carbon economy matched to their kind of technology. That is why the feed-in tariffs have worked so well in Europe and why the OECD has just brought out a report saying, ‘If you want to get transference to the low-carbon economies through renewables, feed-in tariffs are the best way to go.’ They are not just about renewable energy for reducing greenhouse gas emissions; they are about creating a market for the technologies at a scale that enables manufacturing to have a foothold in the country in which it is attractive to invest.

The Greens came to the R&D bill saying, ‘Australia is currently suffering from underinvestment in education and training; underinvestment in our schools and universities; the hollowing out of the manufacturing sector because it went overseas to low-carbon economies; an over-dependence on resource based industries, of digging it up and cutting it down; and a failure to invest in the brain space, particularly of small companies.’ It is the small- to medium-sized companies that are likely to have the greatest imagination, the greatest innovation, the greatest capacity for R&D, but the least amount of monetary capacity for R&D. These are the people we need to support in Australia. They are the brains base, if you like, from which we can develop manufacturing industry. We approach this bill with that in mind. But of course we recognise that there are people arguing strongly against the bill, and I will
get to that a little bit later. I have to say we found this an incredibly difficult piece of legislation to work through because there were such passionate views on both sides of the argument, each of which was based on a reasonable degree of rational argument.

The proposed new R&D incentive replaces the existing incentive and comprises two main components: firstly, a 45 per cent refundable tax credit for eligible entities with a turnover of less than $20 million; and, secondly, a 40 per cent non-refundable tax credit for all other eligible entities. The incentive is available for expenditure on eligible research activities or for the decline in value of depreciating assets used for eligible research activities. The 45 per cent refundable tax credit is equivalent to a 150 per cent tax deduction and doubles the current base incentive for small entities to expend money on R&D. The doubling of that current base incentive for small entities is a very attractive part of this legislation because it does go directly to those companies which have imagination—the new brains base—but do not have the capital, as it turns out. Because the 45 per cent credit is refundable, eligible entities can access the incentive as a cash refund when submitting their tax returns.

The government anticipates that 5,500 small firms could benefit from the incentive and, as I said, that is a particularly attractive part of it as far as the Greens are concerned. The 40 per cent non-refundable tax credit is equivalent to a 133 per cent tax deduction and raises the current base incentive for larger entities by one-third.

The proposed new incentive distinguishes between core and supporting R&D. Eligible expenditure under both categories qualifies for a tax credit under the proposed new incentive. The bill sets out several definitions and tests—mostly distinct from those in existing concessions—to determine whether a given activity qualifies for the incentive. The purpose of these tests is to ensure that the incentive is directed towards scientific research and away from such activities as industrial development with an element of novelty. That is really important, because the Greens were certainly of the view that there has been rorting of the existing R&D tax concessions. I say that because there is a big difference between scientific research and activities which are business as usual but have an element of novelty, and a lot of people were basically claiming an entire development, even though only a small part of it had novelty associated with it. That was, in my view, a diversion of money that should have gone to research and development. That was something that we were very keen to address. The proposed new incentive is intended to stimulate more companies, particularly smaller companies, sometimes described as small to medium enterprises, to undertake R&D activities. The Greens, having thought about all of this, having met with people on both sides of the argument and having formed the view that there has been rorting of the R&D tax concession for quite some time, have come down in favour of the bill.

Few debated the findings of the 2007 Productivity Commission report Public support for science and innovation, which found that the criteria for the basic 125 per cent tax concession do not screen out R&D—which would have happened anyway—and that the benefits of the existing incentive were not large and could in fact be negative and that the net pay-off from the concession could be substantially improved by maintaining the access to the concession for small entities only. A subsequent review commissioned by the government in 2008, known as the Cutler review, released a report, Venturous Australia—building
strength in innovation, which reached similar conclusions and made a series of recommendations, many of which are reflected in the bill. So the bill has not come out of nowhere; it has come out of quite a serious review.

In 2009-10 the R&D tax incentive was estimated to cost approximately $1.5 billion, and unfortunately we have had something of a delay. That is unfortunate but at least we have got to it now. While 8,000 companies registered for the scheme, the top 100 firms currently take 60 per cent of the total funds from the scheme. I am going to say that again because this is one of the key statistics that got me thinking that this is not an effective spend on R&D. The top 100 firms currently take 60 per cent of the total funds for the scheme. If you have got 8,000 companies registered for the scheme and 100 are taking 60 per cent of the total funds then we are not actually spreading this money around the sector as I think the community would expect. Those 100 companies tend to be some of the largest companies in Australia and about one-third of them, at least, are the large mining companies. So in effect we are spending a large percentage of our R&D spend on business as usual in the mining industry in a sector which is making massive profits, and it is not going to those small, innovative sectors which potentially could make such a big difference.

In 2007-08, 37 of the top 100 firms—that is, over a third—were from the mining sector, and between them these 37 firms took 17 per cent of the total funds from the R&D scheme. That is 37 out of a total of almost 8,000 companies. Something has got to be wrong when we have got that situation. The Greens believe that large firms in particular have been essentially complementing or getting money for business-as-usual activities by claiming a small part of innovation in that whole business and that essentially it has been a rort. As an example of a claim that has a large proportion of supporting activities in relation to core R&D in the mining sector, a mining company registers an R&D project for the tax concession which is concerned with improving extraction techniques. The cost of this core R&D is, say, $20 million. Nonetheless, given the current weaknesses in the definition around supporting activities, it claims $500 million, the bulk of which is for normal mine operations and mineral extraction, to test the R&D. That just shows you how it has been rorted to date. The case that we need change is clear. This, as I said, has been a highly unusual bill in that we found it very difficult to work out, from both sides of the argument, the best way to move forward. There are many people and organisations supporting the bill—including Medicines Australia, the Australian Information Industry Association, AusBiotech, Australasian Industrial Research Group, the Australian Private Equity and Venture Capital Association, TGR BioSciences, Game Developers' Association of Australia, Lateral Economics and Australian Technology Network of Universities—but there are also many firms and industry associations that do not support it. I have to note that those opposed to the changes included several large accounting firms, the AMWU and the Australian Industry Group, who all argued very passionately that this bill would undermine research and development and not be in the national interest.

We ended up in a situation where I thought that the best thing to do would be to get them all in the one room and have some of them put their case and have it contested in a moderated way. I thank Minister Carr for agreeing to this and enabling it to happen. In the room we had people from the minister's office and from unions and accountants of some of the major people
opposing the bill, as well as companies in favour of it. We had a meeting for just over an hour. One of the people there, Anna Lavelle from AusBiotech—I am sure she will not mind me naming her—said at the end of the meeting that they had achieved more in that hour than they had achieved in 10 years trying to negotiate the changes to this. We also had Treasury in the room contesting these ideas.

It was Anna Lavelle who suggested one of the things that would make it easier for small companies, which was quarterly payments. She said that the bill was really good for small companies but if you leave it until the end of the year there are cashflow problems for them. So being able to get the payment on a quarterly basis would enable small businesses to maximise their engagement. She put that forward and we took it back to Treasury. There was not wild enthusiasm, I have to say, for implementing it but, nevertheless, the government had a look at it and found it was possible, and now the government is moving quarterly payments as an amendment. In terms of moving the debate forward, getting an outcome, contesting the arguments and coming up with something that business thought would be very useful, the roundtable worked very effectively. I think for everybody concerned, including the Greens, it was an excellent way to move forward.

I also want to note that in the course of all this we did support Tony Windsor's sensible amendment for a review of the new laws after two years to make sure that everything that has been put forward, which we have believed to be the case, is actually the case. I think it is regrettable that it has taken so long to get this measure through the Senate. It was in the national interest for legislation to come into effect from July last year, but the with the Senate make-up then, that was not possible. Nevertheless, we are now moving into what I think is a very positive area for R&D.

One area which I was concerned about—and the Greens seem to be the only party concerned—is the change to make the R&D concession open to international firms that hold relevant intellectual property offshore. I am not going to move an amendment on this because I recognise that the Greens are the only party to be concerned about it, but the logic for the previous position—that only firms which held the IP domestically would be eligible for the concession—obviously meant that the ongoing benefits of research would reside primarily in Australia. I note that the Productivity Commission report recommended that, while there should be some relaxation of the rules which prevent subsidiaries of foreign owned companies from accessing the existing tax concession, they should not be relaxed for the existing basic 125 per cent tax concession or the existing refundable R&D tax offset for small companies.

The approach taken in this bill goes further than the Productivity Commission recommendation. The argument that the government has put forward for making this change is that there are national benefits from having large local investments in R&D by multinational enterprises. These include the likelihood that these investments will anchor local R&D activities and attract further R&D investment by other multinational enterprises, that multinational R&D investments increase the flow of global expertise into the country, that they provide the conduit for global commercialisation of local discoveries and that they facilitate exports by local suppliers. I am interested to see what actually happens on this front. I am still wary about it but the people in many of the business sectors we talked to are confident that this change is in the national
interest. We will see as it plays out over time whether that actually turns out to be the case.

In conclusion, I want to reiterate that the challenge for Australia is to rebuild a manufacturing sector that has competitive advantage in a 21st century moving to a low-carbon economy. That means we need to diversify the economy to build resilience by building a diverse sector and get away from such dependence on digging up, cutting down and shipping away. Whilst there is a boom, that is fine, but when the boom collapses you are left with holes in the ground and you have failed to invest in the intellectual capacity of the country. A knowledge based economy needs a massive investment in education and in research and development because, if you take it—as I do—that imagination is the resource of this century, we need to make sure that we maximise that through making sure the money in research and development goes to the best brains, which is often in those small enterprises, and I think the bill achieves this.

Senator BILYK (Tasmania) (19:59): I also stand tonight to speak in support of the Tax Laws Amendment (Research and Development) Bill 2010. This bill, in combination with the Income Tax Rates Amendment (Research and Development) Bill 2010, introduces a new research and development tax incentive to take the place of the outdated and complex R&D tax concession. This reform is the biggest to happen to the R&D landscape in a decade. It is designed to boost investment in R&D, support Australian companies and create jobs. It will increase assistance for genuine R&D and will redistribute support in favour of small and medium-sized enterprises—the majority of businesses and the lifeblood of our economy. It is neither sustainable nor in the national interest for 60 per cent of government investment in business R&D to be received by 100 firms when Australia has two million enterprises. The previous speaker, Senator Milne, also spoke about that.

The government's intention is to lift Australia's R&D performance by encouraging businesses to take advantage of the scheme and in so doing ensure Australia's place as a clever country. The revised definition of R&D is about simplification and clarification. It replaces ambiguities and overlapping tests with a clearer statement of what core R&D activities are. The key elements are the need for an experiment and the generation of new knowledge. These concepts are in common use in the R&D community, which understands what an experiment is in the R&D context. The revised definition is designed to bring out the key elements of the previous definition of R&D in a more easily understood way. In particular, it removes references to considerable novelty and high levels of technical risk by focusing on the character of experimental activities. More targeted eligibility criteria will ensure that the scheme promotes activities that will benefit the economy as a whole.

R&D activities create new knowledge and technologies and as a result increase productivity, jobs and therefore economic growth. We expect many more firms to participate in the scheme because of the higher base rates, wide availability of cash refunds and the redistribution of assistance in favour of small and medium enterprises, which are more responsive to fiscal incentives. There will be no reduction in the amount of support available for business R&D; it will simply be delivered more evenly and more effectively.

Australia must be prepared to face the challenges that come its way both now and in the future and must move with the times. The incentive provided by this bill has two
key components. The first is a 45 per cent refundable tax offset for companies with a turnover of less than $20 million. Companies with a turnover greater than $20 million will receive an offset of 40 per cent. The 45 per cent offset doubles the present base rate available to SMEs, and the 40 per cent offset increases the rate by one-third for larger companies. The offsets will be calculated on the basis of expenditure on eligible R&D activities and the declining value of depreciating assets used for eligible R&D activities.

Small, innovative firms will be the big winners as a result of this new incentive, with greater access to cash refunds and the increasing rate of assistance provided. For example, a company with a turnover of $10 million spends $1 million on eligible R&D activities in an income year and is in a tax loss position. Under the new incentive that company will be entitled to a cash refund of $450,000. Under the existing R&D tax concession, the company will only receive a tax deduction worth $375,000, and there is a zero benefit until the company starts to turn a profit. So the new incentive will support small, innovative businesses when they need it the most.

The new incentive focuses more support towards genuine R&D activities. The key elements of this approach are a clearer definition, a robust test for supporting activities and better administration of the incentive. This new system will see companies rewarded for genuine R&D, not for business-as-usual activities. The new incentive will also ensure that most software R&D is treated consistently with that occurring in other sectors, and this is particularly important given the all-encompassing nature of information technology.

There has also been a substantial rationalisation of activities excluded from core R&D activities in order to further improve this incentive. This bill will also make it possible for foreign corporations that have a base in Australia to access the incentive. It will mean that the incentive will be accessible to companies that carry out R&D activities in Australia, even if the intellectual property is held overseas.

The government will introduce quarterly payments for small and medium businesses from 1 January 2014. These firms will get their credit sooner, significantly improving their cash flow and incentive to invest in R&D. The lowering to 28 per cent of the tax rate for small businesses from the 2012-13 income year will not affect the 45 per cent refundable tax offset for companies with a turnover under $20 million.

Australia’s R&D spending in 2007-08 amounted to 1.3 per cent of our gross domestic product. This compared with an OECD average of 1.6 per cent and with a rate in some countries—such as Japan, Korea and Sweden—of as high as 2.7 per cent. We must lift our R&D expenditure for our economy to remain internationally competitive. Dr Brendan Shaw, Chief Executive of Medicines Australia, states:

...we know that [Australia] has world-class research infrastructure, a stable socioeconomic environment, a strong intellectual property system and an efficient regulatory system … but these factors alone are no longer sufficient to stimulate investment growth.

There are several reasons for this. The most important among them is the rapid transformation of developing nations in Asia, South America and Eastern Europe as viable destinations for long-term investment in research and development.

Dr Shaw goes on to state:

... we should also be worried about the impact this has on Australia, and be particularly worried, because, while Australia remains an attractive...
location for R & D investment for our industry, other countries are now looking even more attractive.

It is expected that this tax incentive will be budget neutral over the first four years of implementation. The 2009-10 budget provided an additional $38 million over four years for administrative agencies to ensure a smooth transition. In order to improve certainty for taxpayers, AusIndustry will provide improved guidance material as well as introduce a new system of private binding rulings, called 'advance findings'. There are many ways to grow an economy, but the key to long-term sustainable growth of the economy of any country—and Australia is no exception—is productivity. Productivity has three main drivers: infrastructure, a skilled workforce and innovation.

For 12 years prior to Labor forming government we had a federal government that failed to invest in infrastructure, failed to invest in education and training and failed on innovation as well. That is why productivity fell under the Howard government. The Gillard Labor government is making up for the failures of those opposite in all three areas. We now have record investment in infrastructure, such as roads, rail, ports and the National Broadband Network. We have made record investment in education and training, such as trade training centres, new school facilities through the Building the Education Revolution program and additional university and TAFE places.

And this bill is an example of how we are encouraging private investment in innovation in addition to our public innovation agenda. This is why we want to better target R&D investment—to enhance innovation in Australia to drive productivity and grow a modern economy. The objects clause clearly states that the tax incentive will be provided for industry to undertake experimental activities for the purpose of generating new knowledge or information in either a general or applied form. The 'development' aspect of R&D is captured by the application of knowledge—that is, applied form. These development activities can be undertaken in a production environment. The government has clarified the objects clause, which states that development activities are covered by the clause. The amendment clarifies that 'new knowledge' includes new knowledge in the form of new or improved materials, products, devices, processes or services. The term 'improved' covers development activities.

The R&D tax credit is about new knowledge created through experimentation, and this is consistent with the approach of the Frascati Manual and international best practice. The Frascati Manual explains that the basic criterion for R&D activities is an appreciable element of novelty and the resolution of scientific and/or technological uncertainty.

This bill is significant in simplifying taxation law. The new provisions are not only drafted in plain English but are less than one-third of the length of the provisions they are replacing. If enacted, this bill will deliver much-needed reform to public support for business innovation. It will offer an increased incentive for companies to undertake R&D activities in Australia. It also recognises that the innovation dividend for the economy will come from changing the focus to genuine R&D instead of normal business activities. I commend the bill to the Senate.

Senator BACK (Western Australia) (20:10): I rise this evening to also address the Tax Laws Amendment (Research and Development) Bill 2010. Regrettably, it is another example of legislation being drafted and presented by people with little or no understanding of the business environment in which we exist in Australia, particularly the
challenges that confront us. These will be, regrettably, the outcomes of this particular bill once it passes this place. It will preclude the achievement of enabling small and medium-sized businesses undertaking R&D activities to more readily access and benefit from the proposed R&D tax credits, and a direct result of that will be inhibiting or radically reducing investment in the SME sector.

Secondly, it will result in a drain of expertise and investment by small and medium-sized businesses, which Senator Bilyk herself has addressed in the last few minutes, away from Australia, at the very time we need to be protecting and preserving this most. And of course it will discourage major companies which participate in R&D activities from participating in the R&D scheme. The end result of this, whether by accident or by intent, may be a radical reduction in the government’s cash contribution to industry, at a time when this cash-starved government needs to grab back every dollar it can.

What in fact is the scope of what we are speaking about? The fact sheet presented by the government in October last year, under the Business Expenditure on Research and Development, known as BERD, indicates that in 08-09 there was $16.8 billion invested by companies that would apply under the R&D scheme. Of this, $1.6 billion would be what government says it forgoes in tax concessions. So this is the size and scale of the operation we are speaking about. For example, industry, manufacturing and mining contribute $8.5 billion of R&D, and that constitutes 51 per cent of that figure, being $12 billion; those with staff numbers of 20 to 199 contribute $3 billion, or 17 per cent; and those with fewer than 20 staff contribute, in R&D terms, about $2 billion, or 12 per cent.

So, what is the impact of all this, and what are we moving from and what are we moving to? Since 1985 the R&D tax concession has operated in such a way that companies have been able to register, claim and cost their R&D activities on a project-by-project basis. Of course, this makes perfect sense. Technical people think in terms of projects, accountants do their costing in terms of projects, and that is the way logically you would think we would continue to operate—but, no, we are moving to what are known as activity based credits with this particular R&D legislation change.

What, for example, is the impact of this? Let me give it to you in simple terms, in a company that I can relate to myself, having been chief executive of an IT services company in WA through much of the last decade. Under the concession, or the existing project based R&D situation, the company must describe all of its activities under a project heading. If, for example, eight people in a small or medium-sized enterprise are working on the project, they can capture their eligible time and submit a claim with the cost of the eight people involved and identified. We can all assume that we can identify with that.

We now move to what will be contemplated in this legislation. For example, under the credit program of activities, based on if the project has 10 activities, still with the same eight people involved, we may potentially have 80 pieces of cost information. This is eight people working on R&D and all of a sudden we have 80 pieces of information that we must track, record and report on, and upon which
there must be audit. A quotation given to me by a practitioner in the field I think summed it up perfectly. She said, 'One should never design a system to better target the minority that misuse it at the expense of the responsible majority and the overall program objectives.' We heard Senator Milne address this question of abuse. We must always be conscious of those who would abuse a system. We do not want to see waste in this particular way. But when we throw the baby out with the bathwater, when we get to the stage where the responsible majority are significantly disadvantaged, we are in trouble. That is where I point us to.

Some of the points relevant to the legislation as it is presented are these. First there is administration and compliance, which I mentioned in the last few moments. Registration requirements which mandate that explicit written identification of core activities and those of other activities that support core activities are onerous. What is interesting is that to this moment it is my understanding that there are no business processes in place or software available for the SME sector that can actually configure, capture and store the sort of data about which we are speaking. This will be further exacerbated by the application of different standards to each supporting activity. You can see the web into which we are building ourselves here: a small business with up to eight people doing some work and all of a sudden there is no software and there are no supporting activities. So, unless a claimant can provide the information of the detail about which I speak, in a written format, they will be precluded from even registering and will therefore be unable to access the proposed tax credits.

What then defines these core activities as opposed to supporting activities? This is very interesting. It is referred to as the 'purpose test'. I will define it from the explanatory memorandum in the legislation:

The need to employ the scientific method also reflects the degree of novelty in the ideas being tested. That is, the knowledge being sought must go beyond validating a simple progression from what is already known and beyond merely implementing existing knowledge in a different context or location.

Let me give you an example of an agricultural nature. A specific question was asked of me by one of my constituents who was seeking to assist clients developing an agricultural machine capable of identifying one green plant from another at speeds up to 20 kilometres per hour. My colleague Senator Macdonald might be interested in this because the technology would be deployed in the sugar cane industry, amongst other places, in Queensland. What would it do? First of all, by being able to identify a specific plant upon which a chemical can be placed to kill it, you then improve weed control, you reduce herbicide use and you reduce the runoff of chemicals and other nasties into the Great Barrier Reef marine reserve. You would think how absolutely brilliant this is. The catch here in this constraint lies, according to the legislation, in the field of multiple technologies, because what we actually find is that this is the application of none other than ink jet printer spray technology, but with its adaptation to agricultural contexts, with all of the advantages about which I spoke. We then go to the legislation. Does this activity of developing this precision spray knowledge for agricultural application qualify or not qualify as original design, because indeed it is modifying an existing ink jet printer nozzle technology to a new context. You might ask if this is relevant; it is very much key to this whole activity.

I then go to the treatment of cash received under the proposed R&D incentive. We
heard Senator Bilyk telling us what a wonderful benefit this is going to be for the small business sector. But, unfortunately, there is considerable confusion surrounding this whole question. And there is a wide discrepancy between the benefits for larger companies and those of smaller and medium-sized companies, despite the much heralded incentives and benefits as outlined in the second reading speech. In that second reading speech, as we heard from Senator Bilyk, it is claimed that a new incentive is there as a 45 per cent refundable tax offset on companies with a turnover of less than $20 million. Doesn't it sound fantastic. But we should read on. In his second reading speech the minister made the statement that this 45 per cent refundable tax offset doubles the current base rate available to SMEs and the tax offsets are calculated on the basis of expenditure on eligible R&D activities and the declining value of depreciating assets. He claimed that small innovative firms are big winners from the new R&D tax incentive, with great access to tax refunds for the R&D expenditure. However, the truth is somewhat different to the statement. Currently, for example, the R&D tax offset returns 37½ per cent on moneys expended on the activity by claimants whose turnover is less than $5 million. So you would say that this is wonderful: 45 per cent versus 37½ per cent; isn't that good. But this money is received as a refund of tax and creates in accounting terms a 'permanent difference'. It is received much as an individual receives their tax refund cheque, with no further strings attached other than the normal compliance costs and requirements that we would expect.

We now turn to the proposed legislation. This is the 45 per cent refundable tax credit. Here, the claimant receives 45 per cent of the moneys expended on R&D but, unfortunately, the receipt of that tax credit will impact on their franking account and limit or prevent the claimant from paying a franked dividend to any shareholder until such time as the claimant has paid enough income tax to equal the tax benefit. In other words, all of the moneys received by way of the proposed refundable R&D tax credit must be returned to the government through future payment of income tax before a claimant can reward their shareholders by the payment of a franked dividend.

Putting it another way: the R&D tax offset currently creates an enduring financial benefit. However, under the proposal, we see that it is more akin to a loan. It has a short-term cash benefit, as Senator Bilyk has said, but it must be fully repaid in the longer term. Therefore, to a small business, it has very little benefit, particularly when trying to attract investment. We all know that the current climate, with the uncertainty in the world economy, with the uncertainty of a carbon tax and with all the problems associated with productivity—and we know that Australian productivity is falling way behind that of our competitors—is not a climate in which an SME, in particular, is going to invest in R&D.

So how can this change in policy be seen as a positive move? It proposes a change from a situation where companies receive cash with no strings attached to one where companies gets the cash today but must fully repay it before they can reward any of their shareholders—generally, in the case of many small businesses, including the financier as well.

Time does not permit me to go through the cash element of this, but I could show that it is a severe cash disincentive—worst of all inhibiting investment. Industry representatives have already put to me that clients in Western Australia see this as inhibiting their capacity to attract investment, particularly into companies which involve
themselves in R&D activities. It is risky from a technological point of view because the investor knows full well that no reward will flow to them unless or until the company has fully repaid all moneys received from government. This is not a great new push into encouraging investment.

For me, the tragedy is that I know of three small companies in WA which have already moved offshore. Two have moved to Singapore with their R&D activities; the third has moved to Scandinavia. So what have we lost? We have lost the intellectual property from this country and we have lost the expertise of the people who have moved. Australia has lost the wealth benefit not only of the current activities of those companies but, in the event that their R&D activities yield fruit and become commercial, of the opportunity from another innovation—the sort of opportunity with which we could turn ourselves into the smart country.

I come to the question of retrospective application. This is a concern which has been amplified by this legislation—it has retrospective application, with the proposed starting date going back to July 2010. It is not yet obvious to me where we sit with this new legislation and a company with R&D activities going back to when this legislation was first proposed. As we all know, this will impose a significant burden on both small businesses and larger ones, but especially on those SMEs who will need greater time and investment to modify their internal processes and policies to capture the information required to be in a position to even attempt registration.

There will be an even greater, and as yet undefined, commitment to invest in software programs to capture the data required by the proposed legislation are simply not there as yet. The advice to me, and I would be very pleased to be corrected, is that practitioners have to date been unable to identify any off-the-shelf computer applications which will, without significant customisation, generate the necessary level of detail. The software needs to interlink those specific core and supporting activities, about which I spoke, whilst applying a dual standard to supporting activities, the applicable standard depending on which one of two areas those activities fall into—that is, the production or the non-production environment. This legislation seems to require that information from a company merely for it to obtain the registration number which is the key to the R&D tax initiative.

In my final few moments, I will go to this concept of core and supporting R&D activities. The legislation has specific criteria defining core and supporting R&D activities respectively. Each needs to be mapped at the registration phase—not at the application but the registration phase—and there is concern from companies, large and small, that business systems simply will not be able to do this.

I now turn to the burden of company directors and their fiduciary responsibilities, and indeed their legal responsibilities under corporations law. What responsible director, chairman or chief financial officer will sign registration forms and therefore find themselves possibly in default under corporations law or find themselves in a circumstance in which, at some time in the future, they may be subject to a retrospective tax audit? They would be exposed not only to withdrawal of funds that have been paid to them under the R&D scheme but to severe penalties. And, if they are loath to sign the registration forms, this will reduce
registration numbers and the number of claimants for R&D support.

As we read the proposed legislation, core R&D activity must always precede any supporting R&D activity. But in the real commercial world that is not how it works. I know from my own experience that quite often you arrive, if you like, at a pre-creation research phase. This is required in order to determine the particular characteristics of a proposed new product before you define it as a core business. For example, does the market require the product as an oxide or as a carbonate? What level of purity is required for the product to be marketable? These are the sorts of things that you often do not know but which, under this legislation, you will be required to declare—under the pain of audit failure. Therefore it will not be eligible if the core R&D activity is the creation of the product to meet these requirements in the market. These points have been made to the department and its advisers, but unfortunately we have seen no satisfactory result to date.

So we come to the dominant purpose test. The dominant purpose test is a directly related test which will only increase confusion and only has the one outcome in mind.

Where does this leave us with this legislation? First of all, investment will dry up, particularly in the small and medium business sector. Secondly, businesses will find it too hard to operate in Australia, they will leave the shells of their companies here in Australia while they move overseas and, regrettably, many larger companies will find it too difficult to comply. The end result will be that the $1.6 billion will not be spent by government.

Senator BUSHBY (Tasmania—Deputy Opposition Whip in the Senate) (20:30): I too rise to contribute to the debate on the Tax Laws Amendment (Research and Development) Bill 2010 and the Income Tax Rates Amendment (Research and Development) Bill 2010. The coalition has always been strongly supportive of increased business investment in research and development, or R&D, and has therefore considered it highly appropriate to have in place a taxation regime that provides strong incentives for Australian businesses to invest their hard-earned dollars to help achieve this outcome.

We also accept the general principle that the current law, as with all laws, may potentially benefit, in terms of achieving increased R&D investment, through a timely revision of its operation and that this could conceivably be achieved through a higher R&D rate for a greater number of Australian businesses. However, sadly, the changes to the R&D taxation regime presented to this place by the government today, in these bills, fails dismally in terms of achieving these desirable investment outcomes. This is because there are many shortcomings in the bills that need to be addressed before investment is likely to follow.

I was fortunate enough to have participated in the Senate Economics Legislation Committee inquiry into these bills—which occurred well over a year and a quarter ago—and the evidence was overwhelming at those hearings that these bills are flawed and should be rejected. Indeed, when a group jointly appears representing all of unions, academia and business, telling the committee that the government has got it wrong, I believe it is time to sit up and take a look, because, when groups of such divergent interests come together to fight something, they may well have a point.

So let me take the opportunity to have a look at some of the issues raised. I think
there was universal condemnation of the degree of and quality of the consultation associated with the legislation. Consultation timelines were highly condensed by the government, rendering it difficult for affected stakeholders to fully understand the impact and consequences of the proposed changes, which are complex, before the then final versions of the bills were introduced in the first half of last year. The second exposure draft was released by Treasury on 31 March last year, with submissions from stakeholders due by 19 April last year, a total of only 10 working days. This was not sufficient time to digest 134 pages of legislation and provide substantive comments, particularly given that the second exposure draft incorporated a number of entirely new concepts, including a completely new definition for core R&D.

Let me repeat that, because it was a major matter of concern by affected stakeholders. We are talking about what constitutes core R&D, a matter completely central to the whole purpose of taxation deductions for R&D activity, and a completely new and substantially different definition was first posed in the second exposure draft with only 10 working days provided to allow those affected to consider this and many other changes. In addition, the tight time frames meant that Treasury had not completed its redrafting in time for the 31 March release. As a result, the second exposure draft did not include redrafted feedstock provisions, and instead merely stated that ‘a feedstock adjustment rule is under consideration’. Stakeholders were not provided with an opportunity to comment on this aspect of the legislation until after it was introduced into parliament, which is an unfortunate and disappointing outcome.

So the government gave itself an absurdly short timetable for community consultation and examination by the parliament of what is a fundamentally new approach to the definition of eligible expenditure. Of course, despite its claims then of high priority, the government has failed to bring these bills on for debate for more than 12 months. Incredibly, it has failed to use this time to further consult and fix the problems inherent in them. The bills before us today are almost completely the same product of that very poor consultation process that occurred last year.

The Gillard government has been hell-bent on commencing this legislation retrospectively, first of all on 1 July 2010 and now, under great duress, on 1 July 2011. This has caused huge confusion for industry and business, who for the last 18 months have been unsure as to how they should undertake R&D activity and, accordingly and logically, have done less than they would have. In other words, R&D has been scaled back. Over and above the consultation issues, which are something that seems, certainly in respect of the bills that come before the Economics Legislation Committee, a common trait with this government, there are a number of issues in relation to the provisions in the bills themselves, issues which might well have been sorted out if consultation had been properly conducted in a realistic and timely manner or if the government had taken advantage of the past 15 or 16 months to listen. These issues are of such importance that many of the submitters, including Michael Johnson Associates, a specialist R&D firm that works solely in the space of assisting businesses with their R&D activities and the taxable nature of them, argued that the package is in such poor shape that it should not proceed to law in its proposed form. This was widely reflected in the committee hearings with, again, just about all submitters calling for a delay in its implementation or its rejection outright.
As mentioned, the lack of consultation on major shifts in policy is a reflection of the overall approach of the current Labor government, which continues to rush legislation into parliament without due consultation and consideration. Further, the committee was not given sufficient time to consider the bills, another trademark of this government's approach to legislation and policymaking.

An additional consequence of the hasty development of the bills is numerous drafting errors, as well as inconsistencies between the then explanatory memorandum and the bills, as identified in several submissions at the time. Like the lack of consultation and rushed introduction of many of the government's bills, the regular drafting errors that keep arising in legislation under this government is becoming a worrying trend, although it is hardly a surprising outcome given there is often such limited time between drafting and introduction.

As mentioned, the bill substantially alters the definitions of 'core' and 'supporting' R&D. By narrowing the definition of what constitutes genuine R&D, the bills will disqualify from assistance many forms of R&D currently undertaken by Australian businesses for which they attract the existing concessional tax treatment. In turn, the overwhelming expectation of those groups who have lodged submissions on the exposure drafts is that the government's changes will reduce the number of firms qualified for the concession. The evidence suggests that there will be particularly grave consequences for firms focused on industrial R&D and other non-lab/whitecoat activities, including those involved in manufacturing, prototyping and process development.

The problem with the new definition of R&D is essentially that it is poorly aligned with the Frascati manual definition, as had previously been utilised by Treasury. In fact, the eligibility of R&D activities that would fall under the third limb of the Frascati definition—experimental development—is in real doubt under these bills. The bills introduce a much narrower definition of a core activity—essentially being experimental work, unknown outcomes and new knowledge—and then provide for a range of choices as to what a supporting activity might be. These provisions are strongly indicative that anything in a production environment is in danger of not being eligible for the R&D tax concession. Essentially, the provisions will render ineligible the R&D activities of a lot of companies, activities they consider to be core, particularly if a lot of what they do in R&D is in a production context. The provisions thereby knock off the development side of research and development, leaving only research as eligible.

The definition of R&D in the Frascati model, as developed under the auspices of the OECD, is:

1) Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.

This is a highly recognised and accepted international definition. It is completely unclear why the new and vastly more problematic definitions—first included in these bills in April 2010—have been adopted. For around 25 years, our R&D tax incentive has been based on the Frascati model, which, as mentioned, was developed under the auspices of the OECD. The second part of the Frascati definition, 'the use of this stock of knowledge to devise new applications', is central to my objections to the new approach proposed by the
government. The object clause of the bill states that the object is to 'encourage industry to conduct research and development activities' by:

... providing a tax incentive for industry to conduct, in a scientific way, experimental activities for the purpose of generating new knowledge or information in either a general or applied form ...

Critically, this clause omits the second critical element of the Frascati approach—that is, the use of this knowledge to devise new applications. The new definition of core R&D also precludes the critical second element of the Frascati definition. As such, the new definition of core R&D will require taxpayers, in order to claim the concession, to seek new, previously unknown or undiscovered information and carry out scientific experimentation to uncover that new knowledge. Claimants will need to prove in a retrospective assessment that the knowledge did not exist anywhere else, which will create additional administrative and operational burdens. This creates an innovation system which does not encourage industry to pursue innovation and the development of processes and products. As mentioned, the approach outlined in the bill leaves little room for the majority of what business R&D is actually about—what, in the Frascati model, is called 'experimental development'. Experimental development is defined as:

... systematic work, drawing on existing knowledge gained from research and/or practical experience, which is directed to producing new materials, products or devices, to installing new processes, systems and services, or to improving substantially those already produced or installed.

All evidence from stakeholders supports the view that the proposed definition of core R&D is inappropriate and will add additional red tape issues. For example, the requirement that supporting R&D activities must be either directly related to or be conducted for the dominant purpose of supporting core R&D activities will add significantly to the compliance burden. This requirement splits off the development of new knowledge from the development of new or improved product processes, devices, materials and services. If you had a manufacturing process where you were trying to develop a new process, the first 30 per cent of your R&D spend might be on the creation of new knowledge but the remaining 70 per cent would be on the development of a new process incorporating that new knowledge—the development part of R&D. Unfortunately, it is that 70 per cent that will likely lose its eligibility for favourable tax treatment under this legislation. Similarly, the new definition of 'supporting' R&D is:

1. Supporting R&D activities are activities directly related to core R&D activities.

2. However, if an activity:
   (a) is an activity referred to in subsection 355-25(2); or
   (b) produces goods or services; or
   (c) is directly related to producing goods or services;

   the activity is a supporting R&D activity only if it is undertaken for the dominant purpose of supporting core R&D activities.

This is of considerable concern to companies involved in R&D, which I remind the Senate is a desirable outcome and is ostensibly the reason parliament provides tax incentives for spending in this area in the first place. By redefining supporting activities as proposed, the incentives provided will distort spending in R&D away from industrial R&D programs to laboratory style programs.

Evidence was received from Caltex about how they conduct industrial R&D on a commercial scale, seeking to deliver continuous improvements to processes and outputs, particularly at their Australian
refineries. To not do so would render them uncompetitive against their international competitors—bearing in mind that petroleum products are highly mobile. Caltex's research is, by necessity, trialled in live conditions rather than laboratory or theoretical conditions, and they hold grave concerns about the economics of conducting this research if they are unable to access the incentives. The net result would be the failure to adapt, develop and remain competitive. This would lead to less fuel refined in Australia and more imported, with consequential impacts on jobs and fuel security. The fact is that this inexplicable proposed change will fundamentally alter the whole concept of supporting and inducing additional R&D in Australia.

The Australian Industry Group pointed out two major concerns with the definition of supporting R&D. The first of these is that supporting R&D expenditure is only eligible if it is either 'directly related to' core R&D activities or if it is 'undertaken for the dominant purpose of supporting' core R&D activities. This means that businesses would have to be undertaking core R&D before any of their R&D expenditure could qualify as supporting R&D. If a business had no expenditure that qualified as core R&D, it would have no eligible R&D expenditure whatsoever.

The second main issue that AiG raised is that a lot of experimental development is neglected by the dominant purpose test in the definition of supporting R&D activities. In section 355-30 of the bill, a supporting R&D activity is defined as an activity directly related to core R&D activities except if it is an activity that is explicitly excluded, an activity that 'produces goods or services' or an activity that 'is directly related to producing goods or services'. In any of these cases the expenditure needs to be undertaken for 'the dominant purpose of supporting core R&D activities'. As was noted at the hearings:

... it is difficult to think of many supporting activities that don't fall into one of the three dominant purpose categories given that any activity directly related to production is captured. The reality is that there are simply too many ways that supporting R&D activities will be excluded from eligibility for the proposed new R&D incentive for business to have any confidence that experimental development will continue to attract a tax incentive. I am of the opinion that the government has erred greatly by proposing the definitions it has and that the definitions of core and supporting R&D should be reconsidered to be more closely aligned to the Frascati model of R&D before these bills can be supported.

But the poor policy decisions reflected in these bills do not stop there. The government has also introduced sweeping changes to the eligibility requirements—changes which again threaten to significantly erode support for R&D investment in Australia. Again, they are also fundamentally inconsistent with the government's stated intent of making R&D tax support arrangements simpler, more predictable and more generous. Instead, they impose a series of barriers upon firms rather than offering encouragement for innovation. Under this proposed legislation, there will be a significant amount of additional planning required by companies so that they can reassess their eligibility under the new definition, on the one hand, and also to predetermine, perhaps throughout the annual life of a project, what activities will now be core and what will be support. This clearly will impose a significant new and challenging burden in predetermining eligibility.

Further complicating matters is a lack of clarity over what an essential aspect of this proposed legislation actually means—that is, the use of the term 'dominant purpose'. The
bills define a range of activities as not being core activities. If a company has an activity that comes under that list of exclusions then it will have to jump over another hurdle. They will then have to show that this activity is for the dominant purpose of supporting a core activity. This leads to the need for a company to be able to define what its core activities and its supporting activities are and to justify the fact that an activity has the dominant purpose of supporting a core activity. This will inevitably prove to be relatively complex and deliver uncertainty to companies planning their R&D activities. Also, companies are required to identify and categorise their activities upfront when they are registering their R&D activity to qualify for the tax credit, which imposes a high compliance burden on all businesses.

As noted at the hearing, in a manufacturing setting a company may come up with a process concept or a new product concept, but in just about all cases it will need to be tested in real life or through a scale-up version. Scale-up is a real challenge to successfully commercialising R&D, so it is important that this stage is recognised in these bills before they can be supported. Evidence also noted that in manufacturing, typically, there will be a batch run of a new concept or product and there will be feedback R&D. Invariably, the first trial will not be the final product. Feedback R&D highlighting shortcomings and failures within the system gives the R&D team the knowledge to further improve and create the product or process they are seeking. It is clear that in a manufacturing setting this would be a common occurrence, and the proposals before us totally fail to recognise this.

As it stands, under the current definition of R&D activities, all activities qualify under the 'systematic, investigative and experimental' test—SIE test—or the 'directly related' test. No distinction is made. Under the proposed legislation, the taxpayer needs to split activities into core or supporting and then establish which of the four tests the supporting activities apply to. These decisions will be based on the overall circumstances of the activities and little if any guidance is available yet for companies to assess these issues. The overwhelming evidence is that a 'dominant purpose' test will exclude a large proportion of the production trial activity that is a necessary and legitimate part of the research and development cycle.

If the government's aim is to contain the cost to revenue associated with large and open-ended production trials, the introduction of a cap on the total value of the group's R&D claim would better achieve this objective, whilst also providing clarity and simplicity for claimants. Of course, the government claims that the changes will be revenue neutral. However, the evidence suggests that eligible activity will be greatly curtailed with the end result that there must be savings for government revenue. The bottom line is that the dominant purpose test should be removed as it imposes an unnecessarily high threshold and does not target those few excessive claims which the government purports are occurring. There are better ways to address these, such as a 'purpose directly related to' test, substantial purpose, apportionment of expenditure, dollar capping the extent of production trials on the total value of the R&D claim for companies with group annual revenue exceeding $1 billion or on eligible R&D expenditure, more sympathetic language, specific provisions for specific excesses, time limits for trials, or pre-approvals for projects above certain values.

Further, the object clause needs to be revised in respect of spillover and additionality benefits. The objects clause of
the draft legislation is too narrow and restrictive and implicitly or explicitly accords greater emphasis to research rather than development. It will change the emphasis that has been in the objects clause one way or another since the inception of the R&D tax concession in the mid 1980s. The emphasis that has always been central to the objectives of this incentive has focused on increasing investment in both R&D in Australia and helping Australian industry become more internationally competitive, export oriented and innovative. But, as noted at the hearings, in a sense this restricts the eligible research and development to those circumstances where a company could perhaps be asked: would you not have done this without the credit? That is actually not a very sensible position, because the credit should just be a cost-planning issue in a matrix where you make a decision about whether to do the work or not.

The narrow coverage of the objects clause suggests to us that the government intends to pare back the role of the R&D tax incentive to fund, almost exclusively, research. It does not intend to include much of what business R&D is about—namely, the development of existing knowledge to devise new applications. Instead one can only conclude that the government intends that the R&D tax incentive will apply only to activities conducted for the purpose of producing new knowledge. It would be more honest to refer to it as a research tax credit. (Time expired)

Senator IAN MACDONALD (Queensland) (20:50): Can I start by congratulating my colleagues on this side who have spoken on these bills on their precise understanding of a very complex tax arrangement in relation to research and development. Senator Back, Senator Bushby and, before that, Senator Colbeck addressed all aspects of the bills in a clinical and forensic way. They particularly went into specific provisions in some detail. In fact, they made such a case that need say little more to indicate why the opposition opposes this legislation: because of the damage it will do to the Australian economy and to Australian innovation. I do not want to go into the bills in the depth that my coalition colleagues have done but wish simply to very briefly lament the Labor government's complete lack of interest in and support for research and development in our country. Since Senator Carr has been in charge of research and development, Australia seems to have gone backwards. In fact, it seems that everything Senator Carr touches goes backwards as well. As a minister for manufacturing he has presided over perhaps the worst set of circumstances that Australian manufacturing has seen for many a year, and this is from a government that pretends that it is interested in manufacturing workers' jobs. BlueScope Steel's quite tragic decision today is evidence of this. What is the Labor government doing? It is floundering around, saying it is going to provide some money for those who lose their jobs. People who lose their jobs do not want money. They do not want compensation. They want jobs. This government, unfortunately, appears to have absolutely no understanding at all.

What do you think the carbon tax is going to do for manufacturing jobs in Australia? I simply cannot believe that my colleagues opposite in the Labor Party, who supposedly look after the unions that put them in this place, particularly manufacturing unions—and those unions supposedly look after the interests of their members—could possibly support anything as dramatically bad for the Australian economy as the carbon tax will be. We all know that the carbon tax will export Australian jobs offshore, particularly Australian jobs in the manufacturing industries. You do not have to be Einstein—
and I am certainly not—to work out why. Australia does have a competitive advantage at the moment because we have some of the cheapest forms of energy of anyone in the world. Because of that, although our wages and working conditions are high, we are able to compete. We have good systems, we have good research and development, and we have moderately priced energy sources. This government is determined to make our energy costs as expensive as any in the world and, in fact, more expensive than most, with the result that jobs will simply go offshore.

That is already starting to happen. Talk to any of the people in the manufacturing industry around Australia and you will hear that, if it has not already happened, the indications are that that is where they are heading if this government continues in the way it has operated in the last couple of years, particularly if it proceeds with a carbon tax. I lament the whole approach of this government of disinterest in research and development and the way that this minister, supposedly supporting manufacturing and industry in our country, is doing just the exact opposite—and that is only the tip of the iceberg.

With these bills this government will inflict greater pain on the great entrepreneurs who exist in small business and in our large enterprises that are the backbone of continued economic growth in this nation. As I understand it, if passed into law they will considerably cut activity that currently goes into research and development in our country. We on this side believe there are fundamental flaws and problems with this legislation.

The existing R&D tax concessions have delivered excellent results for Australia in the past, and I would suggest that a serious analysis of figures will show that the current concession tax system has played a critical role in fostering increased business investment in R&D. R&D expenditure in business in Australia rose to $16.9 billion in the 2008-09 year, based on the latest figures available from the ABS in September last year. I would hope that it continues to increase in the future, but those statistics point to, up to now, a very impressive increase in R&D spending, particularly during the past decade—that is, the decade of the Howard government—especially in areas of the economy that have been so vital to Australia and that will continue to be important, such as mining and manufacturing. For the coalition, it will always be a priority to create and foster conditions in Australia that lift productivity, encourage enterprise and stimulate discovery and innovation.

I should note—as my colleagues before me have noted, detailed and dissected much more clinically and forensically—that this legislation weakens the current system. I recognise that the bills have significant limitations in relation to: the start-up date, which has been mentioned by my colleagues; the establishment of the dominant purpose test, which both Senator Bushby and Senator Back immediately before me went into in some length; the application of the feedstock provisions to a wide range of activities and results; and the reduction of support for R&D in the building industry in particular, an industry that has done so much for Australia and is so important to most aspects of our economy. Under these bills, there will be a reduction of support for research and development in the building industry. We also note with some concern the disqualification of many small- and medium-sized businesses from support because of the new rules in respect of their ownership structures and turnover. Many that would previously have been eligible will be disqualified. There is also a requirement for
costs to be documented and attributed to core or supporting industries. Previous speakers in this debate have gone into that in some length. There are new provisions relating to third-party investors in firms' research and development and the proposed application of new rules relating to the disposal of R&D results to actions taken prior to the commencement of this legislation. As other speakers from the coalition have pointed out in some detail, these bills have a lot of flaws and simply indicate again that the Labor Party has little interest in fostering the innovation for which Australians have been so well renowned in the past.

I also mention tonight something not directly germane to this legislation: research and development corporations. Senators may be aware that there was a function in Parliament House last week at which the RDCs were celebrating their successes over the years. By and large, the research and development corporations have done fantastic work for Australia with some government seed funding and investment by private and other government agencies. They have really supported Australian research and development in what I might call an applied way. But there was an undercurrent of gloom at the function last week, because a lot of the RDCs are coming up for continuation, or new rounds, of funding. Many of them feel quite concerned that, under this government, the funding is not going to be available. I am told that a lot of the money that used to go into applied research and development in the RDCs has been taken out of that pool and put into what is called centres of excellence. As I understand them, centres of excellence are good things. I do not criticise them but they are, as I understand them, purely science—they are driven by academia. They do not have the same sort of applied approach to research and development that the research and development corporations have. I am concerned for the future of those RDCs and I am picking up from those directly involved a real concern about this government's commitment to any form of research and development.

I urge Senator Carr, the Minister for Innovation, Industry, Science and Research, to reverse what appears to be his current approach of cutting back, scaling back, assistance for research and development in Australia as is demonstrated, I suggest, by this bill before us and by the reduction in funding that has gone to R&D corporations in the term of the Rudd and Gillard governments. I urge the minister and the government not to deplete further the funding that goes to research and development corporations when their funding comes up for renewal in the new rounds, which I understand will be commencing shortly.

I have indicated, as my colleagues have done, our opposition to these bills. Again, I lament the difficult position which Australian manufacturing finds itself in, particularly under the stewardship of the current minister, Senator Carr. Senator Carr is not a bad sort of fellow, but his understanding of his job and his ability to assist manufacturing, rather than just by giving outright subsidies, is something that all Australians, and certainly those of us in this parliament, should be very concerned about. I again appeal to those few Labor members in the chamber at the present time: please go back to the unions, who in many cases put you in this parliament. Please take some notice of the members of those unions who are desperately keen to keep their jobs. Forget the rhetoric; forget the politics of all this. Have a look at it yourselves. You must see that, as costs increase in Australia, as the cost of power increases in Australia, Australian manufacturing industries are going to become less and less competitive.
The only way they will be able to continue into the future is if a socialist government continues to prop them up with government subsidies. That is not any way to have a manufacturing or any sort of industry in Australia. Industries that cannot make it on their own are certainly on the downhill slope.

The carbon tax is going to put real pressure on most businesses. Over the years, I have spoken about many industries. The cement industry is one that comes immediately to mind. It is a substantial industry in Gladstone, up in the state of Queensland, which I represent, employing a hell of a lot of people. Yet we do not know what concessions it is going to get. I do not think anyone knows, because the detail of this legislation is not out. Ms Gillard will not tell us who the top 500 polluting companies are. It is very clear that the cost will be so great as to encourage industries like the cement industry to look to Indonesia or China for the importation of cement. We are seeing it happen under Senator Carr's watch with BlueScope Steel, and that is just the tip of the iceberg. Motor vehicle companies in Australia are struggling. Some would say they are only continuing under this government because of subsidies—subsidies that seem to have been given in rather a strange way without much regularity as to who gets what and what gets who, but that is a discussion for another time. It is clear that what manufacturing is left in Australia will not be here once the carbon tax comes in because the carbon tax will add to manufacturing costs—it will add to the cost of living of all of us—and it will make prosperous manufacturing industry a distant memory, a thing of the past, in our country.

I hope that the government has listened to the debate on these bills and, in particular, assessed with an open mind the contributions so well made by Senators Bushby, Back and Colbeck, who have clearly demonstrated the real problems with this legislation. One would hope that the government intended it to provide support for research and development concessions, but it seems, like most things the Labor Party have done to date, particularly in the term of the Gillard government, they have wasted so much money that they have got to claw back what they can. It seems, from my understanding of this legislation, that some might say it is just an exercise in trying to grab some money back so that the budget deficit, which has blown out under Labor, can be reined in a bit. It is a pity that it is in the research and development area that cost savings are being made. I join with my colleagues in asking the government to seriously look at the obvious flaws in this legislation and to do something about them.

Senator FARRELL (South Australia—Parliamentary Secretary for Sustainability and Urban Water) (21:10): I thank senators, including Senator Macdonald, who have contributed to this debate on the Tax Laws Amendment (Research and Development) Bill 2010 and the Income Tax Rates Amendment (Research and Development) Bill 2010. I particularly welcome the willingness of senators on the crossbench to consider these bills on their merits. Every independent member of the House of Representatives has done exactly the same. The crossbench has recognised the importance of this government's reform to support Australia's future prosperity. This is in contrast to the detractors, who have held the same course for over two years, distorting the intentions of the legislation and rejecting the evidence that supports it. They have had every chance to stand up for reform but they have simply ignored the beneficial changes and chosen to stir up fear. We heard a bit of that from Senator Macdonald a few moments ago.
The opposition continues to support measures that will add to the government outlays. It has no interest in tackling the real problem: the growing discrepancy between our innovation goals and our R&D tax incentives. In opposition, it seems there is no need for policy coherence. We need a research and development tax incentive that is fit for purpose—a mechanism that responds to the real needs of firms in the modern economy. The R&D tax concession was an important Labor reform in its day, championed, as I am sure you would know Mr Acting Deputy President Back, by the late John Button.

The world has changed over the past 25 years and so has the way in which businesses operate. What has not changed is the imperative for innovation. Australia's productivity performance has not improved over the past decade. The growth in our wages and living standards is largely the product of the resources boom, which I am sure, Mr Acting Deputy President, you are aware of in your home state of Western Australia. If we want to maintain that growth we must lift the performance of our firms. Innovation-active businesses are twice as likely to increase their productivity and 41 per cent more likely to increase profitability than businesses that shy away from innovating. Innovators contribute much more to Australia than just profits. They are more export orientated, they create more jobs, they generate new skills and they give more back to society and the environment.

So how do we encourage firms to invest in themselves? We are not the only ones treading this path. International competition to attract research and development investment is intense. We have to face up to the weaknesses of the existing R&D tax concession. John Button's legacy has been decimated as the concession's effective level of support has plummeted from 24.5c in the dollar to the current level of 7.5c in the dollar. This is simply not sufficient to influence decision making in many firms that might otherwise seize the opportunity to lift their performance. After taking up the reins in the new innovation portfolio, Senator Carr consulted widely on how we might best focus that support through an independent review and a national innovation system. The resulting report, Venturous Australia, which I expect you have read, Mr Acting Deputy President, recommended the introduction of the R&D tax credit. In Powering ideas, Australia's first long-term innovation strategy, the government accepted that recommendation.

These two documents, Venturous Australia and Powering ideas, provide the framework of the bills that we are debating today. They have been further strengthened by extensive consultation with industry and the research community. The government has taken every opportunity to engage stakeholders, including three rounds of public consultation and a Senate committee process. I acknowledge in this chamber those of my colleagues who contributed to the report of the Senate Economics Legislation Committee in 2010, including of course Senator Hurley, who is now retired from the Senate. She contributed very significantly to that report and took a great interest, I might add, in the subject matter of the report.

In response to constructive suggestions raised during the consultation—and we did not get any of those from the opposition—improvements have been made to the program design, attracting even more advocates in industry. This is an R&D tax incentive for the 21st century, an incentive that will unlock talent wherever it lies. The new R&D tax credit is inclusive. It is designed to support those firms no matter the type or stage of technological development and it will support them at a more generous...
That maximises our opportunities, particularly opportunities in the clean technology race, which are a major priority for this government. Many Australian firms are set to benefit from the clean technology investment boom triggered by the government’s Clean Energy Future package. The new tax credit will allow them to access those opportunities by undertaking more R&D projects, with the potential to reduce carbon emissions. This will contribute to a more sustainable use of our resources, transforming industry and contributing to improved environmental outcomes. But, regardless of the market firms wish to target, these increased benefits will act as a beacon to bring them into the innovation system.

Under the new R&D tax credit, assistance to small and medium enterprises will double and they will be entitled to receive cash refunds if they do not have the liabilities against which to pay their tax offset. This is critical for cash-starved small firms and will provide innovative start-ups with the cash flow that they need to invest in research and development. Eligible companies with a turnover of $20 million will have access to a 45 per cent refundable R&D tax credit, equivalent to a 150 per cent tax deduction. After allowing for the normal tax deduction that the credit replaces, this doubles the base of the rate of government support compared with the R&D tax concession, which was only available as cash in quite limited circumstances.

It would be wrong to suggest only small and medium firms will benefit from the new R&D tax credit. Larger businesses—those with a turnover of $20 million or more—will also receive increased rates of support through a 40 per cent non-refundable R&D tax credit. This raises the base rate of the government assistance by a third, equivalent to a 133 per cent R&D tax concession. This new tax credit also has a simpler eligibility criteria, with two clearly identified categories of eligibility that will attract support—core R&D activities and supporting R&D activities. This will ensure support flows to genuine research and development.

The new definition of core R&D activities requires identifying a knowledge gap which is then solved by means of an experiment proceeding from the hypothesis to an outcome by employing a systematic progression of work. The Senate Economics Legislation Committee, which I referred to earlier, reported results in the adoption of two amendments that clarify the extension of the tax credit to experimental activities for the purpose of generating knowledge in the applied form of new or improved materials, products, devices, processes or services. The government recognises that the experiments can and do occur in a range of settings in the laboratory and all the way through to normal production.

So let me be clear on this: the new tax incentive supports both research and experimental development, including a production environment. While certain activities are excluded from the core R&D activities, they can still qualify as supporting R&D activities if undertaken for the dominant purpose of supporting core R&D activities. Supporting R&D activities are those activities directly related to core R&D activities. If a supporting R&D activity results in production activities or activities listed on the exclusion list, they must be undertaken for the dominant purpose of supporting core R&D activities in order to be eligible.

I would like to conclude by saying that the government is presenting a considered and comprehensive reform program that will transform the way this nation does its business. It is very much a regret that the
opposition persists in its attempt to gut this legislation and with it the country's hopes for the future. I am nevertheless confident that the spirit of reform can win through in this parliament and throughout the business community. This is the moment for all of us to turn from baseless fears and consider the part these bills can play for building a richer, fairer and greener nation. As a result, I commend the bills to the Senate.

Question agreed to.

Bills read a second time.

In Committee
TAX LAWS AMENDMENT (RESEARCH AND DEVELOPMENT) BILL 2010
Bill—by leave—taken as a whole.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:23): I table a supplementary explanatory memorandum relating to the government's amendments and requests for amendments to be moved to these bills. The memorandum was circulated in the chamber on 22 August 2011.

The CHAIRMAN: I indicate, as Chairman of Committees, that government amendment No. 8 on sheet CJ260 has been circulated as a request for the reasons given in the circulated statements. The amendment would enable regulations to be made that may then allow eligible entities to receive quarterly refunds of research and development tax credits rather than annual refunds. The amendments have no effect on the amount of the tax credit or offset but only on the timing of the refund, therefore the tax credits will be subject to reconciliation at the end of the financial year and any adjustments made then.

This scheme depends upon administrative action being taken under regulations an entity fulfils the requirements, it will then be eligible to receive the quarterly tax credits. Thus, if there is an effect on a charge or burden on the people through increased appropriations, it occurs only after this rather convoluted process. The possible effect on the appropriation is therefore only indirect.

In the past the Senate has regarded only a very direct effect on an appropriation as an increase in a charge or burden on the people within the meaning of section 53 of the Constitution. It is also apparent that the amendment will not increase the total amount of offset credits to be paid. The precedents of the Senate do not support the amendment being moved as a request and it will, therefore, be treated as an amendment. With the concurrence of the committee the statement of reasons in relation to this matter will be incorporated into Hansard. There being no objection, it is so ordered.

The statement read as follows—
Statement of reasons: why certain amendments should be moved as requests
Section 53 of the Constitution is as follows:
Powers of the Houses in respect of legislation
53. Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate. But a proposed law shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for services under the proposed law.

The Senate may not amend proposed laws imposing taxation, or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.
The Senate may at any stage return to the House of Representatives any proposed law which the Senate may not amend, requesting, by message, the omission or amendment of any items or provisions therein. And the House of Representatives may, if it thinks fit, make any of such omissions or amendments, with or without modifications.

Except as provided in this section, the Senate shall have equal power with the House of Representatives in respect of all proposed laws.

Amendment (8)

The effect of this amendment is to allow the making of regulations that may increase the amount of expenditure payable out of the Consolidated Revenue Fund under the standing appropriation in section 16 of the *Taxation Administration Act 1953*. It is covered by section 53 because it may increase a "proposed charge or burden on the people".

Consequential amendments

The following amendment(s) are consequential on the amendments mentioned above:

amendment (1).

**Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000**

Amendment no. 8 would not be regarded as a request under the precedents of the Senate.

The effect of amendment no. 8 is to provide for the making of regulations which have the effect of changing the timing of the delivery of the research and development incentive to certain entities, through the introduction of quarterly tax credits.

The Senate has long held the view that only a very direct effect on an appropriation is regarded as an increase in a charge or burden (*Odgers' Australian Senate Practice*, 12th edition, page 296). Possible expenditure from the standing appropriation in the *Taxation Administration Act 1953* on the basis of regulations being made which do not "clearly, necessarily and directly" affect that appropriation does not meet the test of directness.

Amendment no. 1, which is consequential on amendment no. 8, should be treated similarly by the Senate.

**Senator CARR** (Victoria—Minister for Innovation, Industry, Science and Research) (21:25): On the running sheet there is reference to clause 3, schedule 1, concerning a start date for the operation of the bill. I had circulated an amendment in my name and I understand the opposition has circulated an amendment to the same effect. Which amendment will you be taking as having precedence?

**The CHAIRMAN:** Minister, the order that is on the running sheet will be the suggested order but, if the Committee decides otherwise, I am in their hands.

**Senator COLBECK** (Tasmania) (21:26): By leave—Seeing that the opposition's amendments are listed first on the running sheet, I move opposition amendments (1), (7), (8), (15) to (18), (23), (24), (26) to (51) and (54) to (63) on sheet 7011 together:

(1) Clause 3, page 2 (table), omit the table (but not the note), substitute:

<table>
<thead>
<tr>
<th>Commencement information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Column 1</strong></td>
</tr>
<tr>
<td>Provision(s)</td>
</tr>
<tr>
<td>1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table</td>
</tr>
<tr>
<td>2. Schedules 1, 2, 3 and 4</td>
</tr>
</tbody>
</table>

(7) Schedule 1, item 1, page 12 (line 11), omit "1 July 2010", substitute "1 July 2011".

(8) Schedule 1, item 1, page 12 (line 13), omit "1 July 2010", substitute "1 July 2011".

(R9) Schedule 1, item 1, page 15 (lines 27 to 29), omit paragraph 355-225(1)(a), substitute:
(a) expenditure of a capital nature that is incurred to acquire or construct:
   (i) a building or a part of a building; or
   (ii) an extension, alteration or improvement to a building;

that is to be held by the R&D entity;

(R10) Schedule 1, item 1, page 21 (line 8) to page 22 (line 4), section 355-405 TO BE OPPOSED.

(15) Schedule 1, item 1, page 29 (line 31), omit "1 July 2010", substitute "1 July 2011".
(16) Schedule 1, item 1, page 29 (line 33), omit "1 July 2010", substitute "1 July 2011".
(17) Schedule 1, item 1, page 38 (line 21), omit "1 July 2010", substitute "1 July 2011".
(18) Schedule 1, item 1, page 38 (line 23), omit "1 July 2010", substitute "1 July 2011".
(23) Schedule 3, page 99 (line 2), omit the Division heading.
(24) Schedule 3, item 42, page 99 (lines 6 and 7), omit the note.
(26) Schedule 4, item 1, page 112 (line 7), omit "1 July 2010", substitute "1 July 2011".
(27) Schedule 4, item 1, page 112 (lines 9 and 10), omit "1 July 2010", substitute "1 July 2011".
(28) Schedule 4, item 1, page 112 (line 14), omit "1 July 2010", substitute "1 July 2011".
(29) Schedule 4, item 1, page 112 (lines 15 and 16), omit "1 July 2010", substitute "1 July 2011".
(30) Schedule 4, item 1, page 112 (lines 18 and 19), omit "1 July 2010", substitute "1 July 2011".
(31) Schedule 4, item 1, page 112 (line 21), omit "2010-11", substitute "2011-12".
(32) Schedule 4, item 3, page 113 (line 29), omit "1 July 2010", substitute "1 July 2011".
(33) Schedule 4, item 3, page 113 (line 31), omit "1 July 2010", substitute "1 July 2011".
(34) Schedule 4, item 3, page 113 (line 34), omit "1 July 2010", substitute "1 July 2011".
(35) Schedule 4, item 3, page 113 (line 35), omit "1 July 2010", substitute "1 July 2011".
(36) Schedule 4, item 3, page 113 (line 38), omit "1 July 2010", substitute "1 July 2011".
(37) Schedule 4, item 3, page 114 (line 2), omit "1 July 2010", substitute "1 July 2011".
(38) Schedule 4, item 3, page 114 (line 15), omit "1 July 2010", substitute "1 July 2011".
(39) Schedule 4, item 3, page 114 (line 18), omit "1 July 2010", substitute "1 July 2011".
(40) Schedule 4, item 3, page 114 (line 21), omit "1 July 2010", substitute "1 July 2011".
(41) Schedule 4, item 3, page 114 (line 23), omit "1 July 2010", substitute "1 July 2011".
(42) Schedule 4, item 8, page 116 (line 10), omit "1 July 2010", substitute "1 July 2011".
(43) Schedule 4, item 12, page 118 (line 6), omit "1 July 2010", substitute "1 July 2011".
(44) Schedule 4, item 12, page 120 (line 21), omit "1 July 2010", substitute "1 July 2011".
(45) Schedule 4, item 14, page 123 (line 13), omit "1 July 2010", substitute "1 July 2011".
(46) Schedule 4, item 15, page 124 (line 18), omit "2010-11", substitute "2011-12".
(47) Schedule 4, item 15, page 124 (line 24), omit "2010-11", substitute "2011-12".
(48) Schedule 4, item 15, page 124 (line 27), omit "2010-11", substitute "2011-12".
(49) Schedule 4, item 15, page 124 (line 28), omit "2010-11", substitute "2011-12".
(50) Schedule 4, item 15, page 125 (line 17), omit "1 July 2010", substitute "1 July 2011".
(51) Schedule 4, item 15, page 128 (line 22), omit "1 July 2010", substitute "1 July 2011".
(54) Schedule 4, item 15, page 132 (line 10), omit "2010-11", substitute "2011-12".
(55) Schedule 4, item 15, page 132 (line 12), omit "2010-11", substitute "2011-12".
(56) Schedule 4, item 15, page 132 (line 17), omit "1 July 2010", substitute "1 July 2011".
(57) Schedule 4, item 15, page 132 (line 27), omit "1 July 2010", substitute "1 July 2011".
(58) Schedule 4, item 15, page 132 (line 33), omit "1 July 2010", substitute "1 July 2011".
(59) Schedule 4, item 15, page 133 (line 6), omit "1 July 2010", substitute "1 July 2011".
(60) Schedule 4, item 15, page 133 (line 24), omit "1 July 2010", substitute "1 July 2011".
Statement by the Clerk of the Senate pursuant to the order of the Senate of 26 June 2000

The Senate has long accepted that an amendment should take the form of a request if it would have the effect of increasing expenditure under a standing appropriation. If it is correct that these amendments require the Commissioner of Taxation to refund amounts payable from a standing appropriation, it is in accordance with the precedents of the Senate that the amendments be moved as requests.

These amendments extend the commencement date from 1 July 2010 to 1 July 2011. This particular issue is one that has been of significant contention right throughout the process and one that the opposition suggested should occur from the outset of the discussion of this legislation. Unfortunately the minister, in the initial stage, was not prepared to consider this but, of course, the passing of time that we have all discussed and noted since the legislation was first put into the chamber has effectively necessitated the fact that this date should be changed. I do note that we have gone past the second commencement date as well but, given that we both agree that these amendments should be passed, I think that we might as well get on with that. Even though the opposition does not support the legislation as it stands for the reasons I stated earlier in the second reading debate, these amendments should be passed as part of this process.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:28): I understand that we are trying to process these matters as quickly as possible. I am not able to support the opposition group of amendments although I do support the change in the start-up date. Given the time that has now elapsed, I think it is appropriate that the start-up date be 1 July 2011. As I understand it there are a number of other amendments within this category which the committee has decided to take as a whole that go to a range of other matters, which, given the changes that have now occurred with other amendments, are no longer necessary. I propose, Mr Chairman, that we reject this group of amendments and support the government's amendments which are moved in the next block, which have the same effect of changing the start-up date but do not go to a range of other measures which are now obsolete because the Tax Laws Amendment (Transfer of Provisions) Act 2010 has commenced. The presumption in these amendments as they were moved in their original form, particularly relating to amendments (23) and (25), is that the provision of that act would not apply. Part 5 of the bill is, therefore, not incorrect and amending the bill in the manner suggested by the opposition is unnecessary.

Question negatived.

The CHAIRMAN: We have not dealt with amendment (25) on sheet 7011. That is still a separate matter.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:30): If that is the ruling, I indicate to you that the position of the government remains the same as I have indicated. I believe that schedule 1, item 1 as listed by the government covers this ground more effectively and has the same effect in terms of changing the start-up date.

Senator COLBECK (Tasmania) (21:30): The opposition opposes division 2 in the following terms:
(25) Schedule 3, Division 2, page 99 (lines 8 to 14), Division TO BE OPPOSED.
In moving this amendment I note that the government has decided that it does not want to support this.

The CHAIRMAN: The question is that division 2 of part 5 in schedule 3 stand as printed.

Question agreed to.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:32): by leave—I move government amendments (2) to (7) and (9) to (41) on sheet CJ260 together:

(2) Schedule 1, item 1, page 12 (line 11), omit "1 July 2010", substitute "1 July 2011".

(3) Schedule 1, item 1, page 12 (line 13), omit "1 July 2010", substitute "1 July 2011".

(4) Schedule 1, item 1, page 29 (line 31), omit "1 July 2010", substitute "1 July 2011".

(5) Schedule 1, item 1, page 29 (line 33), omit "1 July 2010", substitute "1 July 2011".

(6) Schedule 1, item 1, page 38 (line 21), omit "1 July 2010", substitute "1 July 2011".

(7) Schedule 1, item 1, page 38 (line 23), omit "1 July 2010", substitute "1 July 2011".

(9) Schedule 4, item 1, page 112 (line 7), omit "1 July 2010", substitute "1 July 2011".

(10) Schedule 4, item 1, page 112 (lines 9 and 10), omit "1 July 2010", substitute "1 July 2011".

(11) Schedule 4, item 1, page 112 (line 14), omit "1 July 2010", substitute "1 July 2011".

(12) Schedule 4, item 1, page 112 (lines 15 and 16), omit "1 July 2010", substitute "1 July 2011".

(13) Schedule 4, item 1, page 112 (lines 18 and 19), omit "1 July 2010", substitute "1 July 2011".

(14) Schedule 4, item 1, page 112 (line 21), omit "2010-11", substitute "2011-12".

(15) Schedule 4, item 3, page 113 (line 29), omit "1 July 2010", substitute "1 July 2011".

(16) Schedule 4, item 3, page 113 (line 31), omit "1 July 2010", substitute "1 July 2011".

(17) Schedule 4, item 3, page 113 (line 34), omit "1 July 2010", substitute "1 July 2011".

(18) Schedule 4, item 3, page 113 (line 35), omit "1 July 2010", substitute "1 July 2011".

(19) Schedule 4, item 3, page 113 (line 38), omit "1 July 2010", substitute "1 July 2011".

(20) Schedule 4, item 3, page 114 (line 2), omit "1 July 2010", substitute "1 July 2011".

(21) Schedule 4, item 3, page 114 (line 15), omit "1 July 2010", substitute "1 July 2011".

(22) Schedule 4, item 3, page 114 (line 18), omit "1 July 2010", substitute "1 July 2011".

(23) Schedule 4, item 3, page 114 (line 21), omit "1 July 2010", substitute "1 July 2011".

(24) Schedule 4, item 3, page 114 (line 23), omit "1 July 2010", substitute "1 July 2011".

(25) Schedule 4, item 8, page 116 (line 10), omit "1 July 2010", substitute "1 July 2011".

(26) Schedule 4, item 12, page 118 (line 6), omit "1 July 2010", substitute "1 July 2011".

(27) Schedule 4, item 12, page 120 (line 21), omit "1 July 2010", substitute "1 July 2011".

(28) Schedule 4, item 14, page 123 (line 13), omit "1 July 2010", substitute "1 July 2011".

(29) Schedule 4, item 15, page 124 (line 24), omit "2010-11", substitute "2011-12".

(30) Schedule 4, item 15, page 124 (line 28), omit "2010-11", substitute "2011-12".

(31) Schedule 4, item 15, page 125 (line 17), omit "1 July 2010", substitute "1 July 2011".

(32) Schedule 4, item 15, page 128 (line 22), omit "1 July 2010", substitute "1 July 2011".

(33) Schedule 4, item 15, page 132 (line 12), omit "2010-11", substitute "2011-12".

(34) Schedule 4, item 15, page 132 (line 17), omit "1 July 2010", substitute "1 July 2011".

(35) Schedule 4, item 15, page 132 (line 27), omit "1 July 2010", substitute "1 July 2011".

(36) Schedule 4, item 15, page 132 (line 33), omit "1 July 2010", substitute "1 July 2011".

(37) Schedule 4, item 15, page 133 (line 6), omit "1 July 2010", substitute "1 July 2011".

(38) Schedule 4, item 15, page 133 (line 24), omit "1 July 2010", substitute "1 July 2011".
(39) Schedule 4, item 15, page 133 (lines 29 and 30), omit "1 July 2010", substitute "1 July 2011".

(40) Schedule 4, item 15, page 134 (line 16), omit "1 July 2010", substitute "1 July 2011".

(41) Schedule 4, item 15, page 134 (line 25), omit "1 July 2010", substitute "1 July 2011".

Question agreed to.

Senator COLBECK (Tasmania) (21:33): I move opposition amendment (2) on sheet 7011:

(2) Schedule 1, item 1, page 5 (lines 12 to 23), omit section 355-5, substitute:

355-5 Object

(1) The object of this Division is to increase the number of businesses that conduct research and development activities and to increase the level of such activities that individual businesses conduct, where this is likely to benefit the Australian economy.

(2) This object is to be achieved by providing a tax incentive for industry to conduct, in a scientific way:

(a) research activities for the purpose of generating new knowledge or information in either a basic or applied form; or

(b) experimental development activities to develop new or improved materials, products, devices, processes or services;

that, if successful, may be able to be commercialised for the benefit of the Australian economy.

Question negatived.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (21:35): I withdraw Greens request (1) on sheet 6193 and amendments (2) to (6) on sheet 6193.

Senator COLBECK (Tasmania) (21:35): by leave—I move opposition requests (3) and (4) on sheet 7011:

(R3) Schedule 1, item 1, page 7 (line 14), omit “(1)”.

(R4) Schedule 1, item 1, page 7 (lines 16 to 21), subsection 355-30(2) TO BE OPPOSED.

The statement of reasons accompanying the requests read as follows—

Amendments (R3), (R4), (R5) and (R6)

The effect of these amendments will be to allow an increase in the number of claimants for tax deductions for research and development expenditure and to allow an increase in the amounts that can be claimed as tax deductions for research and development expenditure. This will increase amounts paid out under a refundable tax offset, which would be met from the standing appropriation in section 16 of the Taxation Administration Act 1953, and the amendments are therefore presented as requests.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:33): I indicate that the government does not support this amendment. The government has accepted the recommendations of the Senate Economics Legislation Committee in relation to the object clauses. Therefore we have sought the changes necessary throughout the consultation process. The measures here, we argue, have been carefully considered and well conceived and clearly reflect the policy intent of the bill. The bill will support R&D where the knowledge produced can be either general or in applied form. Such knowledge can range from blue sky research through to experimental development in a production environment. The proposed modification would actually impede the understanding of the bill and not do, as I understand, what the opposition senators are seeking to do. The government's position is that we do actually need to have that broad definition as it is indicated in the bill.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:35): I want to thank the opposition for the approach they are taking on this matter. This has been a long process of discussion but I do want to emphasise the importance of the dominant purpose test in terms of the integrity measures that the government seeks
to pursue through this bill. The proposed amendments will permit some firms to claim business-as-usual expenses under the R&D tax incentive and therefore would undermine the integrity of these arrangements. It would have quite serious implications, of course, in terms of the financial implications of this bill.

The dominant purpose test for supporting activity is in fact vital to the measures in the bill, that is, to prevent leakage of the incentive to business-as-usual production activities that are mainly being conducted for reasons other than supporting core R&D activities. So the improved targeting of this incentive is a key feature of what we are trying to achieve here. If the package is to provide the increased rates of assistance, that is doubling the level of support for small enterprises and increasing it for medium-sized enterprises by one-third, there need to be opportunities to ensure that there is some integrity in these arrangements. We need to be able to ensure that the assistance with cash payments for innovation start-up firms is able to be delivered in a manner which will not blow the whole finances of the scheme. The dominant purpose test applies only to supporting activities, not to the core R&D activities. Therefore narrowing the application of the dominant purpose test will not result in any more core activities actually being undertaken. If you look to the work of Nicholas Gruen in his study *The BERD in the hand*, he states that the dominant purpose distinction:

… neatly excludes from the concession activities which, though directly related to the R&D project, would take place with or without the R&D project and so are therefore no part of the full incremental costs of the R&D project.

Dr Gruen in his report also states:

The dominant purpose test has been designed to remove from assistance production activity for which there is very little policy rationale for assisting. It is overwhelmingly activity which would take place in any event because it would take place without the R&D project being undertaken.

So the proposed amendments would create difficulties for firms around this whole threshold issue. In some years they would have to apply for the dominant purpose test and others they will not.

The proposed amendment will not reduce any compliance costs for the R&D tax credit. Firms will still be required to distinguish between core and supporting R&D activities when applying for the R&D tax credit. A wide range of support will be available to assist claimants, including small and medium-sized enterprises, in the transition to the new program. I made very sure of this in terms of the budgetary arrangements that underpin these measures so that we can have extensive guidance material available for administrators. There will be a hotline to advise claimants and there will be a formal advisory function of AusIndustry to provide advance findings so that there will be certainty in the arrangements entered into.

And there will be additional funding of $31 million over four years which has been allocated to AusIndustry in the 2009-10 budget to increase the resources available for administration of the new program. I might also add that further protection as to the assertions that I am making, about the purpose of these changes, is guaranteed by the establishment of the review mechanisms in the legislation through the R&D board which will allow us to be able to measure the policy intent in terms of how it is actually being implemented. I am very confident that the R&D board, given the personnel that are available on that, will be able to sort the wheat from the chaff in regard to any administrative high jinks that people might claim that people get up to when it comes to administering these types of schemes. So in
respect of a range of levels to protect the integrity of the scheme and to also ensure that we do meet out commitments in terms of the policy intent, I believe there are very strong guarantees built into these arrangements for this bill.

The CHAIRMAN: Prior to placing the question before the chamber, is it the wish of the committee that the statements of reasons accompanying the requests be incorporated in Hansard immediately after the requests to which they relate? There being no objection, it is so ordered. The question is that request (R3) and request (R4) on sheet 7011 be agreed to.

Question negatived.

Senator COLBECK (Tasmania) (21:41): by leave—I move requests (R5) and (R6) on sheet 7011 together:

(R5) Schedule 1, item 1, page 8 (table item 1), after "apply)", add "where, in calculating aggregate turnover, references in section 328-125 to at least 40% are read as references to greater than 50%".

(R6) Schedule 1, item 1, page 9 (table before line 1, table item 2), omit paragraph (a), substitute:

(a) references in section 328-125 to at least 40% were references to greater than 50%; and

The statement of reasons accompanying the requests read as follows—

Amendments (R3), (R4), (R5) and (R6)

The effect of these amendments will be to allow an increase in the number of claimants for tax deductions for research and development expenditure and to allow an increase in the amounts that can be claimed as tax deductions for research and development expenditure. This will increase amounts paid out under a refundable tax offset, which would be met from the standing appropriation in section 16 of the Taxation Administration Act 1953, and the amendments are therefore presented as requests.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:41): I indicate that the government does not support these arrangements. The use of the concept of aggregate turnover is applied throughout the Income Tax Assessment Act and is based on a 40 per cent threshold for deeming control of related entities and it would remain open for firms to demonstrate that a 50 per cent threshold is appropriate in their circumstances, so there is no justification for continuing with the obsolete broader 50 per cent threshold used in the 1936 act. So by reinstating the obsolete 50 per cent threshold, the amendment would facilitate tax planning entities which are not truly small and medium sized enterprises and could manipulate their structures to inappropriately access the 45 per cent refundable tax offset.

Question negatived.

Senator COLBECK (Tasmania) (21:42): I move opposition requested amendment (R9) on sheet 7011:

(R9) Schedule 1, item 1, page 15 (lines 27 to 29), omit paragraph 355-225(1)(a), substitute:

(a) expenditure of a capital nature that is incurred to acquire or construct:

(i) a building or a part of a building; or

(ii) an extension, alteration or improvement to a building;

that is to be *held by the R&D entity;

The statement of reasons accompanying the request read as follows—

Amendments (R9) and (R10)

The effect of amendments (R9) and (R10) will be to allow tax deductions for expenditure that was not previously tax deductible as research and development expenditure. This too will increase amounts paid out under a refundable tax offset, which would be met from the standing appropriation in section 16 of the Taxation Administration Act 1953, and the amendments are therefore presented as requests.

This is one of the areas that I spoke about during my speech in the second reading.
debate. The government was making claims about claims that were not verifiable. It is trying to limit industry's access to R&D. Yet those that were clearly outside that process were being investigated. We have also had discussions over the last week or so where the government says it is going to do one thing in one piece of legislation but its actions in another area actually operate in a different way. So you have in this bill, as we read it, that it makes changes to qualifying arrangements that only allow for claimants to receive assistance where R&D occurs away from the building site and we know, having discussed this at estimates, that there are circumstances where the R&D actually does occur on site. Yet the Green Building Fund processes assume that no additionality is required. So we have the circumstance in the Carbon Farming Initiative where the government was saying to us, under that piece of legislation, they wanted to protect agricultural land. Yet, in moving to lock up 430,000 or 572,000 hectares of forest in Tasmania, you are going to move the forest industry out onto the agricultural land in Tasmania, because you need 100,000 hectares of plantation to make up for the land that you are locking up under the other process. So you can forgive people for being confused about the government's approach in relation to these matters, where they say they want to do one thing in one piece of legislation and head off and do something completely different, and in fact the opposite, in another measure. It is on that basis that we believe that this amendment should be supported.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:45): The government does not support this amendment. The bill merely replicates a longstanding exclusion on expenditure on the actual acquiring or construction of a building. It has always been part of the legislation framework within the R&D regime. This is a policy that has been supported by successive governments, including the Howard Liberal government.

Question negatived.

Senator COLBECK (Tasmania) (21:46): I move request (10) on sheet 7011:

(R10) Schedule 1, item 1, page 21 (line 8) to page 22 (line 4), section 355-405, omit the item.

The statement of reasons accompanying the request read as follows—

Amendments (R9) and (R10)

The effect of amendments (R9) and (R10) will be to allow tax deductions for expenditure that was not previously tax deductible as research and development expenditure. This too will increase amounts paid out under a refundable tax offset, which would be met from the standing appropriation in section 16 of the Taxation Administration Act 1953, and the amendments are therefore presented as requests.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:46): The government does not support these measures. The expenditure not at risk rule is an important integrity arrangement within the existing R&D regime. The removal of the expenditure at risk rule would open up a loophole that currently does not exist.

Question negatived.

Senator COLBECK (Tasmania) (21:47): by leave—I move opposition amendments (11) to (13) and amendments (52) and (53) together:

(11) Schedule 1, item 1, page 22 (line 36), omit "only".

(12) Schedule 1, item 1, page 23 (line 4), omit "only".

(13) Schedule 1, item 1, page 23 (line 9), omit "otherwise", substitute "if neither of paragraphs (a) and (b) apply".

(52) Schedule 4, item 15, page 131 (table, after line 31), insert:
355-410 Disposal of results of R&D activities under old Act

(53) Schedule 4, item 15, page 131 (after line 32), before section 355-415, insert:

355-410 Disposal of results of R&D activities under old Act

If an R&D entity under the Income Tax Assessment Act 1997 (the new Act) made claims under the former section 73B of the Income Tax Assessment Act 1936 (the old Act) in relation to R&D activities under the old Act, then section 355-410 of the new Act applies in relation to the results of those activities as if they were R&D activities for the new Act.

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (21:47): The proposed amendments would allow the benefits of the tax incentive to be taken on the revenue account but allow taxation arising from the disposal of R&D results to be assessed on a capital account. The proposed amendments create a tax arbitrage opportunity that would impact the budget, and we cannot support them.

Question negatived.

Senator COLBECK (Tasmania) (21:48): by leave—I move amendments (14) and (19) on sheet 7011 together:

(14) Schedule 1, item 1, page 27 (line 6) to page 29 (line 7), omit Subdivision 355-H, substitute:

Subdivision 355-H—Feedstock adjustments

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355-460 What this Subdivision is about
355-465 Feedstock adjustment to R&D expenditure
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355-475 Application to connected entities and affiliates
355-460 What this Subdivision is about

Where an R&D activity that is an experimental production activity produces product held for sale, applied to own use or further processing, then the value of the tax offset for that R&D activity is reduced by the lower of:

(a) the expenditure on feedstock goods, materials and energy that are transformed or processed into the stock or assets; and

(b) the value of the feedstock output produced by the R&D activity.

355-465 Feedstock adjustment to R&D expenditure

(1) This section applies to an *R&D entity and an *experimental production activity for an income year if:

(a) the entity incurs expenditure in the income year in acquiring or producing feedstock inputs for the *experimental production activity; and

(b) the entity obtains under section 355-100 *tax offsets for one or more income years for deductions under this Division in relation to the *experimental production activity:

(i) for expenditure on feedstock inputs for the *experimental production activity; or

(ii) for expenditure it incurs on any energy input directly into the transformation or processing of such feedstock inputs; and

(c) the entity recovers value in the income year from feedstock outputs of the *experimental production activity by:

(i) sale of the feedstock outputs; or

(ii) using them as feedstock inputs into further processing or transformation; or

(iii) applying them to its own use.

(2) The expenditure eligible for the *tax offset under section 355-100 for the *experimental production activity is reduced in the income year by the lesser of:

(a) the total expenditure giving rise to the deductions mentioned in paragraph (1)(b), apart from expenditure that has already been used under this paragraph; and

(b) the value recovered under paragraph (1)(c), worked out as follows:

(i) if the feedstock output is sold in that year without further transformation or processing after the *experimental production activity, then the value is the consideration received for the
goods or materials produced by this experimental production activity;

(ii) otherwise, the value is the market value of the feedstock output at the first point it is able to be valued after the completion of the experimental production activity.

(3) For this section, feedstock inputs are goods or materials that are transformed or processed during an experimental production activity into one or more tangible products (the feedstock outputs).

355-470 Experimental production activity

(1) An experimental production activity is the collection of all the necessary R&D activities needed to be carried out to achieve the objective of a production trial, except for those activities that are only to acquire or produce feedstock inputs.

(2) An experimental production activity includes all R&D activities required to undertake the trial and produce the feedstock outputs to the point that these can reasonably be valued as finished goods or materials or intermediate goods or materials to be further processed or transformed in activities after the production trial.

355-475 Application to connected entities and affiliates

This Subdivision applies to a supply or use of the marketable product by:

(a) an entity connected with the R&D entity;

(b) an affiliate of the R&D entity or an entity of which the R&D entity is an affiliate;

as if it were by the R&D entity.

Note 1: A decision under this subsection is reviewable (see Division 5).

Note 2: For requirements of applications, see section 27D.

27A Registering R&D entities for R&D activities

(1) The Board must, on application by an R&D entity, decide whether to register or refuse to register the entity for one or more specified R&D activities for an income year.

Note: A finding is reviewable (see Division 5).

(2) If the Board decides under subsection (1) to register the R&D entity, the Board must do so consistently with:

(a) any findings already in force under subsection 27B(1) in relation to the application; and

(b) any findings already in force under subsection 28A(1) (advance findings about the nature of activities) in relation to the R&D entity.

27B Findings about applications for registration

(1) The Board may make one or more findings in relation to an R&D entity's application for the purposes of subsection 27A(1) to the effect that all or part of the activities satisfy the definition of R&D activities in section 355-20 of the Income Tax Assessment Act 1997.

Note: A finding is reviewable (see Division 5).

(2) If the Board makes a finding under subsection (1) in relation to the R&D entity's registration, the Board may specify in the finding the times to which the finding relates.

Example: A finding under subsection (1) could specify the times during the registration year that a registered activity was an R&D activity.
This section has effect subject to section 32B (findings cannot be inconsistent with any earlier findings).

Schedule 2, item 1, page 52 (lines 3 to 37), omit section 27J, substitute:

**27J Findings about a registration**

(1) The Board may make one or more findings about an R&D entity's registration under section 27A for an income year to the effect that all or part of the activities satisfy the definition of R&D activities in section 355-20 of the *Income Tax Assessment Act 1997*.

Note: A finding is reviewable (see Division 5).

(2) If the Board makes a finding under subsection (1) in relation to the R&D entity's registration, the Board may specify in the finding the times to which the finding relates.

Example: A finding under subsection (1) could specify the times during the registration year that a registered activity was an R&D activity.

(3) This section has effect subject to section 32B (findings cannot be inconsistent with any earlier findings).

Schedule 2, item 1, page 56 (line 20) to page 57 (line 3), omit subsection 28A(1), substitute:

(1) The Board must, on application by an R&D entity for a finding under this subsection about an activity, either:

(a) find that all or part of the activity satisfies the definition of R&D activities in section 355-20 of the *Income Tax Assessment Act 1997* for which the entity has been or could be registered under section 27A for an income year; or

(b) find that all or part of the activity does not satisfy the definition of R&D activities in section 355-20 of the *Income Tax Assessment Act 1997* for which the entity has been or could be registered under section 27A for an income year.

These are administrative changes relating to the application by an R&D entity to decide whether to register or refuse to register for one or more specified R&D activities in one year.

**Senator CARR** (Victoria—Minister for Innovation, Industry, Science and Research) (21:49): The government takes the view that it is important to ensure the integrity of this program, and therefore asking firms to identify their core and supporting R&D activities separately is in fact a reasonable proposition. The new rules in the bill will allow administrators to shine a light on claims which should not be supported by taxpayers' dollars.

Question negatived.

**Senator CARR** (Victoria—Minister for Innovation, Industry, Science and Research) (21:50): by leave—I move government amendments (1) and (8) on sheet CJ260 together:

(1) Clause 2, page 2 (table item 7), omit "Schedule 4", substitute "Schedules 3A and 4".

(8) Page 111 (after line 24), after Schedule 3, insert:

**Schedule 3A—Quarterly credits**

**Part 1—Introduction**

1 Definitions

(1) In this Schedule:

- **net refund assessment position**: an entity is in a net refund assessment position for an income year if:
  
  (a) an excess remains after the entity's tax offsets for the income year are applied against its basic income tax liability for the income year; and
  
  (b) that excess is wholly or partly refundable.

Note: The excess will be wholly or partly refundable if some or all of the tax offsets are refundable tax offsets.

- **quarterly credit** means a credit referred to in item 3.

- **refundable R&D tax offset**: an entity is entitled to a refundable R&D tax offset for an income year if:
  
  (a) the entity is an R&D entity that is entitled under section 355-100 of the *Income Tax
Assessment Act 1997 to a tax offset for the income year; and

(b) that tax offset is a refundable tax offset.

refundable tax offset means a tax offset that is subject to the refundable tax offset rules.

relevant Acts means the following Acts:

(a) the Income Tax Assessment Act 1936;
(b) the Income Tax Assessment Act 1997;
(c) the Industry Research and Development Act 1986;
(d) the Taxation Administration Act 1953.

total credits: an entity's total credits for an income year is an amount equal to the sum of the entity's quarterly credits for the income year.

(2) Subject to subitem (1), an expression used in this Schedule that is also used in the Income Tax Assessment Act 1997 has the same meaning in this Schedule as it has in that Act.

Part 2—Power to make regulations to modify operation of Acts

2 Regulations may modify operation of Acts to allow quarterly credits

(1) The Governor-General may make regulations modifying the operation of one or more of the relevant Acts for the purpose of achieving the objectives set out in this Part. The regulations have effect accordingly.

(2) The Minister must recommend to the Governor-General that the Governor-General make regulations under subitem (1) before 1 January 2014.

3 First objective—quarterly credits in anticipation of refundable tax offset

(1) The first objective is that an R&D entity will be credited by the Commissioner quarterly amounts for an income year if particular requirements are satisfied.

Note 1: These requirements include the R&D entity satisfying eligibility criteria and other matters (for example, see Part 3).

Note 2: Receiving quarterly credits may result in the R&D entity being paid an amount out of the Consolidated Revenue Fund (see section 16 of the Taxation Administration Act 1953).

(2) Three of the eligibility criteria for a quarterly credit for an income year are:

(a) that it is reasonable to expect that the R&D entity will be entitled to a refundable R&D tax offset for the income year relating to R&D activities conducted during the income year; and

(b) if Innovation Australia makes one or more findings about the R&D activities or purported R&D activities—that those findings are positive; and

(c) that the quarter begins on or after 1 January 2014.

Note: There may be additional eligibility criteria (for example, see subparagraph 5(1)(a)(ii)).

4 Second objective—tax neutral consequences

(1) The second objective is that, as far as practicable, there be tax-neutral consequences for an R&D entity receiving quarterly credits.

Note 1: This objective is for the R&D entity to be in the same position, for income tax purposes, whether:

(a) the R&D entity receives quarterly credits for an income year; or

(b) the R&D entity does not receive those quarterly credits, and becomes entitled, after the end of the income year, to the refundable R&D tax offset for the income year.

Note 2: Achieving this objective could include providing for a reconciliation and other integrity measures (for example, see paragraphs 5(1)(l) and (p) and subitem 5(4)).

(2) For the purposes of subitem (1), disregard consequences relating to time.

Part 3—Modified Acts may provide for certain matters

5 Some matters the modified Acts may provide for

(1) As a result of the regulations, the collective operation of the relevant Acts may provide for any or all of the following matters:

(a) eligibility criteria for quarterly credits, including:

(i) matters relevant to working out when paragraph 3(2)(b) is satisfied; and
(ii) additional criteria to those mentioned in subitem 3(2);
(b) how applications for quarterly credits may be made, including that:
(i) applications must be in an approved form; and
(ii) applications may be varied;
(c) that Innovation Australia may make findings (the IA findings) about the activities that relate to an application, or proposed application, for quarterly credits;
(d) how IA findings may be made, including that IA findings may be made on application in an approved form;
(e) fees relating to applications for quarterly credits or applications for IA findings, and a method for indexing the fees;
(f) how applications for quarterly credits or IA findings are considered (and approved or rejected);
(g) that applicants for quarterly credits or IA findings are notified of specified decisions or matters;
(h) that further information may be requested from applicants for quarterly credits or IA findings;
(i) deadlines for doing things in relation to quarterly credits or the making of IA findings;
(j) how amounts of quarterly credits are worked out;
(k) that each quarterly credit is a credit the R&D entity is entitled to under a taxation law for the purposes of Part IIB of the Taxation Administration Act 1953;
(l) that an R&D entity's total credits for an income year become a debt due to the Commonwealth at a specified time after the end of the income year;
(m) that each of the following may be varied or revoked:
(i) an approval of an application for quarterly credits;
(ii) an IA finding;
(n) that internal review may be sought of specified decisions relating to quarterly credits or the making of IA findings;
(o) that review by the Administrative Appeals Tribunal may be sought of internal review decisions relating to quarterly credits or the making of IA findings;
(p) integrity measures;
(q) that specified findings, decisions or requests made by Innovation Australia relating to quarterly credits are binding on the Commissioner (or vice versa);
(r) that Innovation Australia is authorised to disclose to the Commissioner (or vice versa) information relating to quarterly credits or the making of IA findings;
(s) matters of a transitional, application or saving nature;
(t) matters of a consequential, ancillary or incidental nature.

Note 1: Innovation Australia's findings (see paragraph (c)) could be made before, during or after the consideration of an application for quarterly credits.

Note 2: Innovation Australia could make decisions on its own initiative or on application. For example, Innovation Australia could make a finding, or vary a finding or an approval, on its own initiative.

(2) Without limiting paragraph (1)(a), examples of additional eligibility criteria include the following:
(a) that it is reasonable to expect that the R&D entity will be in a net refund assessment position for the income year;
(b) that the R&D entity has been assessed as being entitled under section 355-100 of the Income Tax Assessment Act 1997 to a tax offset (whether a refundable tax offset or not) for an earlier income year.

(3) Fees referred to in paragraph (1)(e) must not be such as to amount to taxation.

(4) Without limiting paragraph (1)(p), examples of integrity measures include the following:
(a) if an R&D entity's total credits for an income year exceeds the amount of the R&D entity's entitlement to a refundable R&D tax offset for the income year—that the R&D entity may be liable to pay a penalty on the excess;

(b) if the approval of an R&D entity's application for quarterly credits for an income year is revoked—that the R&D entity's total credits for the income year become a debt due to the Commonwealth at a specified time.

(5) As a result of the regulations, the collective operation of the relevant Acts may provide that a disclosure referred to in paragraph (1)(r) may be made despite:

(a) subsection 47(1) of the Industry Research and Development Act 1986; and

(b) sections 355-25, 355-155 and 355-265 in Schedule 1 to the Taxation Administration Act 1953.

(6) This item does not limit item 2.

6 Other matters the modified Acts may provide for

(1) As a result of the regulations, the collective operation of the relevant Acts may make different provision for a matter for different kinds of entities.

Note: For example, different provision could be made for members of consolidated groups or MEC groups.

(2) As a result of the regulations, the collective operation of the relevant Acts may make provision for a matter by:

(a) empowering a person to make a decision of an administrative character; and

(b) if appropriate, requiring the person to make that decision in accordance with decision-making principles.

Any decision-making principles must be legislative instruments.

(3) This item does not limit item 2.

Part 4—Alternative constitutional basis

7 Alternative constitutional basis

(1) Without limiting its effect apart from this subitem, the modified operation of each relevant Act as a result of the regulations has the effect it would have if:

(a) subitem (2) had not been enacted; and

(b) the relevant Act applied so that quarterly credits could only be worked out for an R&D entity that:

(i) is a constitutional corporation; or

(ii) has its registered office (within the meaning of the Corporations Act 2001) or principal place of business (within the meaning of that Act) located in a Territory.

(2) Without limiting its effect apart from this subitem, the modified operation of each relevant Act as a result of the regulations has the effect it would have if:

(a) subitem (1) had not been enacted; and

(b) the relevant Act applied so that quarterly credits could only be worked out in respect of activities, or parts of activities, conducted or to be conducted:

(i) solely in a Territory; or

(ii) solely outside of Australia; or

(iii) solely in a Territory and outside of Australia; or

(iv) for the dominant purpose of supporting core R&D activities conducted, or to be conducted, solely in a Territory.

Part 5—Other matters

8 Varying the regulations

The Governor-General may vary, in accordance with subsection 33(3) of the Acts Interpretation Act 1901, regulations made under item 2. However, the Governor-General must not repeal those regulations.

Note: Those regulations may be varied on or after 1 January 2014.

9 Another way of dealing with transitional, application or saving matters

(1) The Governor-General may make regulations dealing with matters of a transitional, application or saving nature relating to the making of regulations under item 2.

Note: This is another way of dealing with these kinds of matters. These kinds of matters could also be dealt with under item 2. That is, as a result of regulations made under item 2, the collective operation of the relevant Acts could
make provision for some or all of these kinds of matters (see paragraph 5(1)(s)).

(2) Item 7 applies to regulations made under subitem (1) in a corresponding way to the way it applies to the modified operation of a relevant Act.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (21:50): I rise to support these government amendments. As I indicated in my speech on the second reading, part of the process of getting to where we are tonight with this bill—

Progress reported.

ADJOURNMENT

The PRESIDENT: Order! I propose the question:

That the Senate do now adjourn.

Way, Ms Kaele, AM, JP

Senator MOORE (Queensland) (21:51): In June this year the 60th anniversary of the Australian Local Government Women's Association was held with a particularly wonderful celebration at Old Parliament House. We had a cocktail party with the Governor-General followed by a dinner. A couple of days before the event I received a phone call from Kaele Way, a woman I had met several times previously in her role as an activist for women in local government and an activist for women generally. I had met her a number of times through the Australian women's secretariat and also the National Rural Women's Coalition. Kaele had rung me to say that she was not very well, that the battle with cancer that she had been raging very strongly for a particularly long time was coming to an end. She was concerned that I would be upset if I saw how ill she was when she came to this event. I think that shows the kind of woman that Kaele Way was. She cared more for others than she did for herself. Tonight I particularly want to pay my respect to this genuinely inspirational woman.

I only knew Ms Kaele Way in her role in the local government area and I found out that she was elected to local government in 1997. She spent six years as a councillor in the City of Whitehorse, where she became active in the Australian Local Government Women's Association. She was a founding member of the Women's Participation in Local Government Coalition and a member of their steering committee. She produced a ‘gender agenda’, a guide for women seeking election in local government in Victoria, a candidate information pack. Kaele believed that it was important for women to have options in their careers and options in moving into local government.

She was a passionate advocate for strong, representative local government and she wanted to ensure that many more women had the experience that she had had in that form of government. She understood the need for mentoring. In fact, on a number of the times I met her she talked so effectively about the way that women who had had success would then be able to share so that they could bring other women greater options and greater opportunities.

She enjoyed her work representing her community so much, and then she took on a greater role in the various groups that support local government and our community. She served as the Victorian state president of the Australian Local Government Women's Association from 2002 to 2005. I think largely due to her own passionate advocacy, the branch increased its membership from 13 members to 110 members. In that period she also felt that there was a need to review the national board's constitution. She was vice-president of the national board from 2002 to 2004 and the National President of the Australian
Local Government Women's Association from 2004 to 2009. As I have said, she actually understood the importance of effective mentoring and was particularly passionate in this aspect of her support for women's participation. Under her stewardship as the national president, the importance and the growth of the Australian Local Government Women's Association spread throughout the country. I think one of her proudest moments was when she was made a life member of the ALGWA just before she died.

During the 2005 local government election campaign, she conducted her own campaign, which is always very stressful. Naturally she won that clearly. But at the same time she mentored three other women candidates to successful election to office in local government. They understood the work that Kaele had done and they respected the passion that she had for the organisation and the personal support that she gave to each of them.

In 2007, she was inducted into the Victorian Honour Roll of Women—one of only 20 women to have that honour. In 2008, which was a really important year for Victorian women, she won a Victorian Centenary of Suffrage grant to produce and co-author the article 'Taking up the challenge' in the 2008 candidates' handbook—again, sharing experience and knowledge and opening the door for other women.

She was the chair of the Australian Local Government Women's Association national steering committee for the implementation of the national framework for women in local government and in 2009 was appointed deputy chair of the Victorian regional development Australia committee for the east metro region. This woman just did not know how to say no when there were requests for more help. She saw that by working effectively together there could be better local government, better representation and more clarity for women in these roles. I think one of the proudest moments for Kaele, her family and so many of the women she helped was in 2009 when she was granted an Australian AM for her work for women in local government.

Many people were able to talk with Kaele because she made herself available personally and by phone and email to women across our country and, I believe, internationally on the issues of local government mentorship and leadership. When she was asked at one stage to give her opinion on what was the greatest challenge for women that she had encountered in her lifetime, she said:

Working environment—acceptance of dual roles of motherhood and career path. Equal opportunity—although it remains an issue in regard to equal pay, career paths, decision making especially on boards.

She understood the need for work-life balance, but she knew that women could support other women in their roles and the best possible support was for that sharing to occur.

She further advocated in the same interview for work-life balance and said that there was a genuine commitment needed across all organisations. She desperately wanted to see a greater recognition of younger women in their career achievements as well as an acknowledgement of older women's skills and experience and their right to continue in the workplace. She wanted to ensure that women were in decision-making positions, particularly in corporate and political organisations, and that they were able to be represented on all boards and committees across all levels of government—local, state and federal.
Kaele was a gracious, passionate advocate for women in local government. Her work in the Australian Local Government Women's Association is legendary and inspirational. When we lost her in early July 2011, my friend Darriea Turley, who is the current national ALGWA president, paid tribute to Kaele and her family and said that all members of the organisation were saddened by Kaele's passing. She went on to say:

Kaele had such a strong work ethic and set a benchmark that we can all only aspire to reach. Kaele was a catalyst for the Australian Local Government Women's Association and her efforts ensured that ALGWA as a national body did have a 'Way Forward'.

It was a great evening when we gathered together at Old Parliament House to celebrate the 60th anniversary of the Australian Local Government Women's Association. I think I will always have a memory of Kaele, beautifully dressed and groomed as always, with her partner, Alan. Kaele at that stage was in a wheelchair. She was proudly wearing the AM medal that she got for her work with local government and talking with the Governor-General about why it is important that women have opportunities. I was truly inspired by this gracious lady. I know that her words and work will continue to inspire other women as they make their own choices about levels of representation. I think it is so important that we remember the work of women such as Kaele Way. We acknowledge her work and we acknowledge her family. I particularly want to pay my respects to her family, to Alan and her children, and say thank you to all of them for allowing us to share Kaele Way in as many ways as we possibly can. I know that her words and work will continue to inspire many into the future. Vale Kaele.

**Australian Defence Force Parliamentary Program**

**Senator BACK** (Western Australia) (22:00): I rise this evening to advise the Senate of the Australian Defence Force Parliamentary Program, which I had the pleasure of participating in recently in Timor-Leste during July. As my colleague Senator Adams knows, I recommend to all members and senators that they should participate in this program. It gives us an opportunity to observe and engage with our troops both in Australia and overseas, to observe firsthand what the Australian Defence Force is doing and where our expenditure is being used, to meet ADF personnel in the field in their comfort areas rather than ours and to experience what they live with. I will mention ration packs in a few moments. I also reflect on being in the Middle East this time last year and wearing that terribly heavy body armour only to find that, as a result of the aged people there last year and as a result of our visits, lighter personal armour has been allocated in Afghanistan!

I saw a tremendous combination of our people in East Timor—New Zealanders alongside Australians, Army alongside Navy alongside Air Force, regulars working alongside reservists, men alongside women, military alongside diplomatic personnel. We saw the very best of the best. To work with those young people, to see their enthusiasm and to observe their competence, the reality of their work and the way in which they accepted my parliamentary colleague and I was absolutely something to rejoice in.

What roles are we playing? The Australian Defence Force in East Timor still has a security role, but increasingly, as conditions improve, it also has a sustainability role. Goodwill is of critical importance. The medical and surgical
function that we perform came home to me very strongly when we were in the intensive care facility in which President Ramos Horta was treated following the assassination attempt. He went from that facility in Dili down to Darwin. As they said to us with a high degree of pride, because it was Australian blood that saved him when he was losing so much blood, he said, 'The blood of Australians courses within and through my veins.' I think that spoke very strongly of that close link. I know Janelle Saffin in the other place has worked closely with President Ramos Horta and I look forward to the opportunity at some time to actually discuss that with him.

More than anything else our role is to support the government and the people of Timor-Leste. We certainly had the opportunity to be involved in that. The highlight for me was being conveyed by Black Hawk helicopter south of Dili into the mountains where we joined a patrol for two days, a patrol representative of all those groups I just spoke of—New Zealanders and Australians, reservists and others. We had to live the life of those out on patrol. Should anyone have any views or thoughts about ration packs, I suggest that for 24 hours everybody in this place actually try to survive on ration packs. If they are able to then they are better than me because they certainly are a product that causes you to lose weight. I also have to say to you that you are given no privileges in this role, as Senator Adams indeed knows. It was quite cold in the mountains in the night. There we were in tents and fairly rough conditions. Of course, being of the age we are, it was not quite as comfortable as it might have been in our 30s; needless to say, you do not ever want to appear to not be doing what the others are doing. In my sleep I heard this bell which of course I took to be the reveille; it actually turned out to be a Balinese cow with a bell on it. This caused me to leap out of the cot, put my boots on and immediately present myself ready for the next day, only to find one of the officers going on a call of nature. He said to me, 'Senator Back, what are you actually doing wandering around at three in the morning with your boots on?' I said, 'What's this three in the morning?' He said, 'It's only three o'clock.' So I can assure you I had great difficulty in then getting back to sleep.

I do want to share with you the wonder of that experience. An intelligence briefing was given to us at the beginning of our tour and then we joined those people in the mountains to reflect on the work of Operation Sparrow, the first commandoes in the early 1940s. A very small group of them—I think fewer than 300—held up some 10,000 Japanese, as I recall, from moving further down the islands into Papua New Guinea, where they inevitably would have moved down in the direction of Australia. Whilst it is not the time to be reflecting on the excellence and the bravery of those people, we did see as part of the intelligence briefing footage that I assure you is now in the public domain—that of the famous war photographer Damian Parer. He had been placed in East Timor by submarine. He spent some time with the Sparrow Force group and took the most wonderful footage, including, I say through the chair to Senator Adams, of a couple of Western Australians who I know are quite famous because of their background as kangaroo shooters prior to them going to Timor-Leste.

The important thing for me, apart from spending that time with the young people, was to observe them in the goodwill visit. To give you an idea of conditions, particularly in the rural areas, covering a distance of 13 kilometres took us over an hour and a quarter; the roads were very rough. We got to the village and saw young Australians and New Zealanders pour out—I was about to
say onto the soccer oval, but that would be giving it a title well beyond what it was; it was a cow paddock—and roll on the ground, with kids picking them up and playing soccer with them, all the time thinking, 'This is absolutely wonderful.' Others of us were talking with the elders of that community; others were trying to get a handle on the health status of the children and the adults. When we debriefed the next day under the direction of a young corporal, it was amazing just how much information had been gleaned during that tour in the couple of hours we were there. It gave us the opportunity to see how welcomed Australians and New Zealanders were as we went through the villages. Of course, we gained the impression very strongly that they are very welcoming of us being there.

The excellence of the command was there to be seen—the discipline, in a sense the low-key attitude and the freedom and the ease with which we communicated with everybody at all levels, be they from the colonel through to privates in the military. They ate with us, chatted with us and wanted to know what we were doing there. Those who were reservists were proudly telling us that their bosses were coming up to Timor-Leste to spend some time there so that they in their term would have an understanding of the contribution that is made.

What was very interesting for me was to try to form some view as to where that country is going. There was critically poor infrastructure; it was very ordinary. What opportunity is there for them to actually stand on their own feet? I think we Australians feel a sort of moral obligation to the East Timorese largely because of the protection that they afforded those Sparrow Force troops, often at huge cost to themselves. I get the impression that next year's general election is going to be critical. It is all low-key. They are moving to the presidential election and then the general election. The aftermath of that general election is important, because unlike here there are not two or three defined major parties. I think that process will define Australia's future in East Timor. If that election is conducted safely and quietly and calmly, it will be an indicator that East Timor is moving towards a level of democratic maturity, and that I am sure will change Australia's role. Australia's and New Zealand's presence and that of our troops are welcomed a little more warmly now than is the United Nations generally. I think, from the people we spoke to, there is a perception that the UN may have largely done its job and is now in the twilight, but people certainly do not want to see Australia diminish its role. Whether they want it to continue as an overt military role—to see our troops there in military attire with weapons, albeit unloaded—or whether they can move to a civilian role will be an interesting question. The big thing of all is not aid; it is employment opportunities for young men and women. I cannot help but think that Australia has a role to play in doing that.

In my final few seconds I will refer to the presence of China and the investment made by the Chinese. This has got to be watched in our future relationship with that country. I highly recommend the ADF Parliamentary Program.

Senators adjourned at 22:11

DOCUMENTS

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number. An explanatory statement is tabled with an instrument unless otherwise indicated by an asterisk.]
Australian Film, Television and Radio School Act—Determination of Degrees, Diplomas and Certificates No. 2011/1 [F2011L01674].
Commissioner of Taxation—Public Rulings—
Class Rulings—
Addendum—CR 2011/46A.
Taxation Rulings—
Addendum—TR 97/9.
Errata—TR 2006/10AE and TR 2006/11AE.
Notice of Withdrawal—TR 95/4.
Customs Act—Tariff Concession Orders—
1101644 [F2011L01681].
1102984 [F2011L01677].
1102990 [F2011L01676].
1103346 [F2011L01678].
1103423 [F2011L01680].
1103437 [F2011L01690].
1103549 [F2011L01670].
1103551 [F2011L01672].
1104052 [F2011L01679].
1105239 [F2011L01688].
1105240 [F2011L01682].
1105241 [F2011L01675].
1106114 [F2011L01687].
Environment Protection and Biodiversity Conservation Act—Amendments of lists of exempt native specimens—
Financial Management and Accountability Act—Financial Management and Accountability Determinations—
2011/14—Section 32 (Transfer of Functions from DEEWR to TEQSA) [F2011L01673].
2011/15—Section 32 (Transfer of Functions from FHCSIA to SEWPaC) [F2011L01689].
Higher Education Support Act—VET Provider Approval No. 18 of 2011—Gurkhas Institute of Technology Pty Ltd [F2011L01692].
Independent Contractors Act—Select Legislative Instrument 2011 No. 155—Independent Contractors Amendment Regulations 2011 (No. 1) [F2011L01694].
Lands Acquisition Act—Statement describing property acquired by agreement for specified public purposes under section 125.
Private Health Insurance Act—Private Health Insurance (Benefit Requirements) Amendment Rules 2011 (No. 6) [F2011L01683].
Student Assistance Act—Student Assistance (Education Institutions and Courses) Amendment Determination 2011 (No. 1) [F2011L01693].

**Departmental and Agency Contracts**

Corrections to letters of advice in response to the continuing order relating to departmental and agency grants are tabled.
QUESTIONS ON NOTICE

Nation Building and Jobs Plan
(Question No. 437)

Senator Cormann asked the Minister representing the Treasurer, upon notice, on 11 March 2011:

How much of the stimulus package remains to be spent for each of the following financial years: (a) 2010-11; (b) 2011-12; and (c) 2012-13.

Senator Wong: The Treasurer has provided the following answer to the honourable senator's question:

Please refer to the response to question F6 for the Finance and Deregulation Portfolio, asked during the 2011-12 Budget Estimates.

Supplementary information:
There are no funds allocated to be expended under the Economic Security Strategy announced by the Government on 14 October 2008 or the Nation Building and Jobs Plan announced by the Government on 3 February 2009 for the 2012-13 financial year.

Defence: Strategic Reform Program
(Question No. 463)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs – Gross SRP Stream Savings' for:

(a) information and communications technology;
(b) inventory;
(c) logistics;
(d) non-equipment procurement;
(e) Reserves;
(f) shared services; and
(g) workforce.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Cost reductions under the Strategic Reform Program (SRP) are based on annual budgets. In 2010-11 the cost reductions under the SRP is $1016 million. This will be achieved through initiatives under seven SRP streams distributed as follows:

1. Information and Communication Technologies—$128 million;
2. Smart Sustainment (including Inventory)—$288 million;
3. Logistics—$6 million;
4. Non-equipment Procurement—$177 million;
5. Reserves—$5 million;
6. Workforce and Shared Services—$171 million; and
7. Other cost reductions—$241 million.
These figures have been updated since their publication in "Strategic Reform Program: Delivering Force 2030".

The annual budgets for activities targeted through streams have been reduced by amounts that reflect cost reductions agreed by Government. As at 31 December 2010, Defence had expensed 45 per cent of annual budgets captured by SRP streams. Based on an expected pattern of expenditure over the six months to end June 2011, Defence is confident it will deliver its required business outcomes within these reduced annual budgets.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 464)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010, what specific savings have been made in the Strategic Reform Program (SRP)' Provisional Savings and Costs – SRP Stream Costs' for:

(a) information and communications technology;
(b) inventory;
(c) smart maintenance;
(d) logistic;
(e) non-equipment procurement;
(f) preparedness and personnel and operating costs;
(g) Reserves;
(h) shared services;
(i) workforce; and
(j) Mortimer implementation.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

There are no savings associated with the 'SRP Stream Costs'. The 'SRP Stream Costs' are those funds allocated for investment in stream reform. The SRP includes over $2 billion in the Defence Budget to 2018-19 in order to support investment and enable implementation of reforms. In 2010-11, investments to enable reforms have been made in Information and Communications Technology, Smart Sustainment (including Inventory) and Workforce and Shared Services.

**Defence: Strategic Reform Program**

(Question No. 465)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010, what specific savings have been made in the Strategic Reform Program (SRP)' Provisional Savings and Costs – SRP Stream Net Savings' for:

(a) information and communications technology;
(b) inventory;
(c) smart maintenance;
(d) logistic;
(e) non-equipment procurement;
(f) preparedness and personnel and operating costs;
(g) Reserves;
(h) shared services; and
(i) workforce.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

Cost reductions under the Strategic Reform Program (SRP) are based on annual budgets. In 2010-11 the cost reductions under the SRP is $1016 million. This will be achieved through initiatives under seven SRP streams distributed as follows:

1. Information and Communication Technologies—$128 million;
2. Smart Sustainment (including Inventory)—$288 million;
3. Logistics—$6 million;
4. Non-equipment Procurement—$177 million;
5. Reserves—$5 million;
6. Workforce and Shared Services—$171 million; and
7. Other cost reductions—$241 million.

These figures have been updated since their publication in "Strategic Reform Program: Delivering Force 2030".

The annual budgets for activities targeted through streams have been reduced by amounts that reflect cost reductions agreed by Government. As at 31 December 2010, Defence had expensed 45 percent of annual budgets captured by SRP streams. Based on an expected pattern of expenditure over the six months to end June 2011, Defence is confident it will deliver its required business outcomes within these reduced annual budgets.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 466)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010, what specific savings have been made in the Strategic Reform Program 'Other Savings' for the following areas:

(a) zero based budgeting review;
(b) minor capital program;
(c) facilities program;
(d) administrative; and
(e) productivity.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The 'other savings relates to central provisions that were assessed as no longer being required and have been removed from budgets. It was always past practice for Defence to retain some central funding to cater for future contingencies. Following a comprehensive and detailed review of Defence...
funding as part of the White Paper, Defence has now included a more appropriate and lower level of funding in budgets because Defence considers that it should be able to manage with lower levels of contingency. As a result, the central provisions are no longer required and they have been reallocated to remediate the budget and fund Force 2030. Individual budgets have been reduced and the funds have been reinvested elsewhere. This is where the 'other savings' have been made and illustrates that Defence has an improved understanding of its budget and is better able to manage and prioritise funding to ensure activities are aligned with Defence and government priorities.

**Defence: Strategic Reform Program**

(Question No. 507)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

With reference to the Strategic Reform Program:

For the period 1 July to 31 December 2010:

(a) where specifically have the provisional savings of the forecasted $529 million have been made;

(b) can a detailed explanation be provided of where these savings have been realised; and

(c) what one-off savings been made.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

Cost reductions under the Strategic Reform Program (SRP) are based on a reduction of annual budgets. The rate and timing of the achievement of cost reductions over the reporting cycle varies from stream to stream depending on the initiatives they are measuring. Providing information on their achievement on a six month basis does not give a meaningful picture of stream performance. However, SRP governance closely monitors stream activities to ensure that planned activities remain on schedule.

The $1016 million of cost reductions targeted under the SRP in financial year 2010-11 will be achieved through initiatives under seven SRP streams, and distributed as follows: Smart Sustainment—$288 million; Non-equipment Procurement—$177 million; Workforce and Shared Services—$171 million; Information and Communication Technologies—$128 million; Reserves—$5 million; Logistics—$6 million; and Other Cost Reductions—$241 million.

& (c) SRP savings are tracked, reported and managed on a stream-by-stream basis. They are not broken up by sub-categories of productivity, one-offs or other descriptors. The annual budgets for activities targeted through streams have been reduced by amounts that reflect cost reductions agreed by Government.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-211 which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 508)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010, what productivity improvement savings have been made by the department and by the Defence Materiel Organisation.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:
Cost reductions under the Strategic Reform Program (SRP) are based on annual budgets. In 2010-11, the cost reductions target for the Department and the Defence Materiel Organisation is $1016 million.

SRP savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors. Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 510)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010:

(a) what specific productivity improvement savings of the forecasted $5.1 billion have been made in Smart Sustainment reform; and

(b) what one-off savings been made.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors.

The Smart Sustainment stream is comprised of a range of specific initiatives across the spectrum of Defence and the Defence Material Organisation (DMO). These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 511)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010:

(a) what specific savings of the expected $4.4 billion over the period 2010 to 2019 have been made in the implementation of Smart Maintenance techniques; and

(b) what one-off savings been made.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors.

The Smart Sustainment stream, which includes inventory, is comprised of a range of specific initiatives across the spectrum of Defence and the Defence Material Organisation (DMO). These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.
**Defence: Strategic Reform Program**  
(Question No. 512)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010:

(a) what specific savings of the expected $700 million over the period 2010 to 2019 have been made in the optimising of inventory holdings and the introducing of more efficient management techniques; and

(b) what one-off savings been made.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors.

The Smart Sustainment stream, which includes inventory, is comprised of a range of specific initiatives across the spectrum of Defence and the Defence Material Organisation (DMO). These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.

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**Defence: Strategic Reform Program**  
(Question No. 513)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

For the period 1 July to 31 December 2010:

(a) what specific savings of the expected $320 million over the period 2010 to 2019 have been made in Storage and Distribution (Logistics) Reform where the adoption of automated technologies and improved business practices ensure cost effectiveness and efficiency; and

(b) what one-off savings been made.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis; they are not broken up by sub-category of productivity, one-offs or other descriptors.

The Logistics stream comprises several initiatives including: the consolidation and rationalisation of the wholesale storage and distribution network; modernisation of land material maintenance services; and the introduction of automated identification technology to more efficiently track and manage Defence inventory. These initiatives are at various stages of maturity and SRP governance closely monitors the progress of these initiatives against the planned schedule and achievement of agreed cost reductions.

Defence will publish the stream cost reductions achieved for the full financial year in the Defence Annual Report 2010-11 which is expected to be released in late 2011.
Defense: Program Funding
(Question No. 514)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

(1) From which areas of expenditure will the enhanced force protection measures be made.

(2) What specific programs will be cut or deferred to meet this cost.

(3) Why did the Government cease disclosing deferrals in expenditure in the 2008-09 Budget which has continued through to the 2010-11 Budget.

(4) (a) What are the specific deferrals in expenditure since 2008-09; and (b) why have these deferrals been made.

(5) What percentage increase, if any, will be made to enable future capital equipment initiatives over the forward estimates period.

(6) As it is not clear in the 2010-11 Budget, what specific projects are planned for approval in 2010-11.

(7) (a) What programs in 2010-11 will now have to be resourced through absorbed costs; and (b) what programs have been cancelled or deferred to enable these costs to be absorbed.

(8) Of the $20.6 billion worth of savings under the Strategic Reform Program (SRP) it would appear that $4.6 billion of this involves the re-allocation of funds and is not a savings item at all - how can this claim of savings be made when it is in fact a reallocation of funds.

(9) Under the SRP, why has the number of civilian employees to be cut been reduced from the forecast 3 125 to 1 708.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(1) As at 31 December 2010:

The Defence funded component of the Force Protection Review, $912 million has been funded as follows:

Reprogramming of the Defence Capability Program, reprioritisation of lower priority initiatives and reprogramming of facilities program (primarily Single Leap 2) to better align its cash provision the revised construction timetable ($436.1m),

Existing capability projects ($402.3m); and

An amount of $73.5m reallocated within Defence by rebalancing a very small number of DCP projects.

(2) Defence has either delayed or revised the expenditure spread for a total of 11 Defence Capability Plan Projects to fund the Force Protection Review.

(3) Defence has not ceased disclosing information. As a consequence of the 2009 Defence White Paper, a new funding model was applied to the Defence budget and therefore there was no appropriation reprogramming in the 2009-10 budget.

Appropriation reprogramming was again undertaken in the 2010-11 budget as shown in the Portfolio Budget Statements 2010-11 (pg 22, Table 10: Budget Measures and Other Budget Adjustments).

(4) (a) and (b). As per Attachment A (available from the Senator Table Office).

(5) Defence has allocated funding to capital investment programs on the basis of indexation rates weighted specifically to the relevant industries, as recommended in the 2008 Defence Budget Audit.

(6) Planned project approvals for 2010-11 are provided in Tables 33 and 34 of the Defence Portfolio Budget Statements 2010-11 (PBS 2010-11). An update of major projects that have been approved since the PBS 10-11 is also provided at Table 39 and 40 of the Defence Portfolio Additional Estimates Statements 2010-11.
(7) (a) and (b). In the 2010-11 Budget, the Government agreed to an investment of $1.1 billion for enhanced force protection capabilities, for which the Government provided new funding of $221.6 million. The remainder will predominately be funded from Defence's existing capital investment program as follows:

Reprogramming of the Defence Capability Program, reprioritisation of lower priority initiatives and reprogramming of facilities program (primarily Single Leap 2) to better align its cash provision the revised construction timetable ($436.1m), Existing capability projects ($402.3m); and An amount of $73.5m reallocated within Defence by rebalancing a very small number of DCP projects.

(8) The Strategic Reform Program is a comprehensive program that features many aspects of reform that are not directly focused on efficiency. The reallocation of funds in the "Other Cost Reductions" component reflects an increase in the efficiency with which Defence allocated resources. It also reflects improved Defence planning and understanding of the Defence Budget. These are all key outcomes of the Strategic Reform Program.

(9) As recommended by the Defence Budget Audit (DBA), Defence undertook a detailed diagnostic to validate the DBA findings to ensure reform is sustainable and achievable. This meant that Defence's approach to specific reform initiatives diverged from the initial analysis provided in the DBA. While workforce implications have changed following the diagnostics, the overall cost reduction target of $20 billion by 2018-19 will still be achieved.

Members of Parliament and other interested parties have combined workforce reductions from efficiency savings and the 0.7% productivity to give DBA workforce reduction totals of 3125 civilians and 1713 military compared to SRP reductions of 1708 civilians and 859 military.

The difference is attributed to adjustments to DMO and DSTO workforce savings, removal of operational and capability related workforce from the baseline and savings, inclusion of Efficiency and Effectiveness savings for DMO and DSTO, and inclusion of Logistics workforce savings.

Within SRP, there is growth within civilian positions under the Workforce and Shared Services Reform and Non Equipment Procurement Streams. The total workforce growth is 1,416 (Civilianisation 535 and Contractor Conversions 881) across the decade realising approximately $1b in savings due to the reduced cost of employing civilians into these support roles.

Total APS efficiency improvements comprise APS WSSR efficiency savings of 1374 FTE, 5 FTE associated with ADF Gap Year reductions and 0.7% Productivity savings of 729 FTE. The net workforce impact by 2018-19 after taking into account FTE workforce growth associated with Contractor Conversions and Civilianisation is a saving of 1573 FTE.

Further savings of up to 124 FTE associated with Logistics Stream reform are yet to be finalised.

The ADF efficiency improvements comprise 400 AFS Efficiency savings, civilianisation of 535 positions, 239 AFS associated with ADF Gap Year reductions and 455 AFS for 0.7% Productivity savings. Further savings of up to 38 AFS associated with Logistics Stream reform are yet to be finalised.

**Defence: Staffing**

*(Question No. 617)*

**Senator Siewert** asked the Minister representing the Minister for Defence, upon notice, on 21 March 2011:

With reference to the department and the agencies within the Minister's portfolio:

1. What is the total number of staff currently employed.
2. What is the total number of staff with a disability currently employed.
3. What policies or programs are in place to encourage the recruitment of people with a disability.
(4) What retention strategies are in place for people with a disability.
(5) What career pathways or plans are on offer for people with a disability; if none, why.
(6) Are there any specific targets for recruitment and retention; if not, why not.
(7) What policies, programs or services are there to support staff with a disability.
(8) Can details be provided of any policies, programs, services or plans currently under development within the department and its agencies, concerning the employment of people with a disability.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(1) Based as at 30 April 2011, total Defence personnel are 106,199 comprising:
14,204 permanent Navy personnel inclusive of 332 Reserve members on Continuous Full Time Service (CFTS);
30,376 permanent Army personnel inclusive of 626 CFTS members;
14,794 permanent Air Force personnel inclusive of 85 CFTS members;
22,216 Civilian personnel; and
24,609 Active Reserves (4,509 Navy, 16,524 Army, 3,576 Air Force)

Notes:
(a) Gap Year students are not included.
(b) Reserve members only include: Active, Specialist, High Readiness and Reserve Response Forces.

(2) Based as at 30 April 2011, total Defence personnel with a disability are 825 comprising:
49 permanent Navy personnel inclusive of 1 CFTS member;
138 permanent Army personnel inclusive of 1 CFTS member;
33 permanent Air Force personnel inclusive of 1 CFTS member;
528 Civilian personnel; and
77 Active Reserves (24 Navy, 47 Army, 6 Air Force)

Note: the reporting and subsequent recording of a person's disability on the Defence HR system is entirely voluntary and is dependant on the person wanting to divulge that information. The figures may understate the actual numbers.

Defence notes that under the Disability Discrimination Act 1992 (DDA) there is no legal obligation for employees to disclose disability unless it impacts on their ability to undertake the inherent requirements of the job.

In accordance with the DDA, disclosure of disability in Defence is not mandatory. Reporting is conducted through voluntary disclosure on Defence's human resources system (Personnel Management Key Solution (PMKey$)).

ADF members with disability can be more readily identified than their APS counterparts, as ADF members with acquired disabilities are managed under the Medical Employment Classification (MEC) System.

The State of the Service Report 2009-10 identified that 14,393 employees, accounting for 68.97% of Defence APS employees, have not completed this data field on PMKey$. Defence is presently developing mechanisms to encourage employees to complete diversity data.

(3) For ADF Members. The Disability Discrimination Act 1992 (DDA) recognises that in some workplaces, the inherent requirements of a role may preclude some people, such as those with a disability, from being employed in those roles. Service in the Australian Defence Force (ADF) has
medical and fitness requirements that are inherent to the performance of duties, and an exemption is provided in s53 of the DDA regarding the recruitment of individuals with a disability to the ADF.

For APS Employees: The following information is relevant for Defence Australian Public Service employees.

Disability Action Plan
The Defence Disability Action Plan includes objectives regarding the recruitment of people with disability. Specific objectives and details of activities are outlined below.

Objective 2: Flexible recruitment strategies that are accessible to applicants with disability

Diversity statement in Information Packs for all advertised positions. Defence includes a diversity statement in Information Packs for all advertised APS vacancies. This statement reads:

The range and nature of work in Defence requires a workforce that reflects our diverse society. We welcome applications from Indigenous Australians, people from diverse cultural and linguistic backgrounds and people with disability. We are committed to providing an environment that values diversity and supports all staff to reach their full potential.

Training for recruitment panels. To be eligible to participate on a panel, Defence personnel must undertake the training course, Merit Selection and Recruitment. Satisfactory completion of this course is based on achievement in the proficiency assessment. This course includes an explanation of merit and discrimination.

Recruitment and Disability Fact Sheet. Defence personnel have access to the Fact Sheet, Disability and Recruitment. This Fact Sheet provides guidance on reasonable adjustments that may be required by applicants to enable an equitable process.

Frequently Asked Questions (FAQs) on Defence Recruitment website. The Defence Recruitment website includes FAQs specific to disability to provide guidance to applicants. Disability specific FAQs are:

I have a disability—does it matter?
Do I have to tell Defence about my disability?
What is reasonable adjustment?

Accessibility of e-recruitment. In June 2010, the Australian Government Information Management Office released the Web Accessibility National Transition Strategy. This strategy seeks to implement the Web Content Accessibility Guidelines version 2.0 (WCAG 2.0).

WCAG 2.0 is designed specifically to address navigation and design issues which limit a user's ability to review Web content due to disability. For example, there must be a text equivalent for all non-text content and colours which do not confuse users who are have a vision related disability.

The Federal Government has mandated compliance to WCAG 2.0 for Federal government departments and agencies to the AA Standard by Dec 2014. Defence is working towards AA Standard compliance for the eRecruit Candidate Portal. Activities towards compliance are:

Conducting an audit of the eRecruit Candidate Portal; and working with the eRecruit service provider to ensure the AA standard compliance is met before 2014.

Objective 3: Accessible training, cadetship and mentoring opportunities for people with disability.

Work experience programs for tertiary students with disability. Defence participates in the Stepping Into... Program in partnership with the Australian Network on Disability. Stepping Into... is a paid work experience program which is designed to provide university students with disability with practical skills and experience to assist them to obtain long term employment within their chosen profession.

Objective 4: Special employment measures to employ people with an intellectual disability.
Support of Koomarri. Defence has a contract with Koomarri to provide office services. Through this contract Defence supports the employment of 15 people with intellectual disability.

(4) For ADF Members. Due to the importance placed on the health and wellbeing of ADF personnel, Defence is committed to ensuring that for those who become wounded, injured or ill, their recovery, rehabilitation and return to work is a priority. Discharge from the ADF is a last resort. The following tri-Service initiatives that have implications for members with an acquired disability.

The Australian Defence Force Rehabilitation Program (ADFRP) provides an occupational rehabilitation and return to work service. It aims to support their return to work in current or different duties or trade or, if this is not possible, they will be rehabilitated, medically discharged and supported to transition to the civilian environment.

A high priority for Defence and the Department of Veterans' Affairs in 2011 will be implementing the Support to Wounded Injured or Ill Project (SWIIP), which aims to achieve a more coordinated and integrated approach across welfare, rehabilitation, compensation and transition programs to improve outcomes for ADF members and their families, and better support commanders in meeting their responsibilities.

The implementation of the revised Defence Instruction (General) PERS 15-16 Australian Defence Force Medical Employment Classification System which includes new provisions for extended rehabilitation and extended transition. This will benefit ADF members who are temporarily unfit and require a 12 to 24 month recovery and rehabilitation period, and those who need up to three years to support their transition from the ADF.

In addition, the ADF Paralympic Sports Program has been established to support serving ADF members with acquired disability, such as permanent loss of limb function, to adopt an active lifestyle, regain their physical fitness and participate in adaptive sport right through to elite Paralympic sport.

Within Army, Defence Instruction (Administrative) PERS 33-11 Army Casualty Administration and Support Framework is the primary document that outlines the management of soldiers with an acquired disability.

For APS Employees. Through normal day to day management, supervisors of employees with a disability have the opportunity to discuss matters that are affecting the employee’s desire to remain in Defence, and these are formalised through performance exchanges, which must be conducted at least twice each year. These matters include the identification and provision of necessary workplace equipment or reasonable workplace adjustments to accommodate a person's disability (refer to question 8 for further information).

(5) For ADF members. Career management for ADF members with acquired disability is managed in accordance with the Medical Employment Classification policy – in other words, the ADF must make all reasonable efforts to retain and provide appropriate employment opportunities for service personnel where their classification is downgraded during their service.

ADF members with an acquired disability are rehabilitated to achieve optimal recovery. Then we assess their functional capacity and identify fitness for alternate military duties and their vocational options with the ADF. Discharge from the ADF is a last resort. However, if return to work in current or different duties or trade is not possible, they will be rehabilitated, medically discharged and supported to transition to the civilian environment.

For APS Employees. Defence does not use organisational level career pathways or plans for people with disability. Career plans and pathways for all employees are undertaken at the local level through the Performance Feedback and Development Scheme (PFADS). The scheme facilitates consideration of individual training and career development activities and career development.

PFADS is supported by the Mutual Responsibilities enacted in the Defence Collective Agreement 2009. Under the mutual responsibilities, employees’ responsibilities include:

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participate in performance exchanges within PFADS;
participate in identified training and development, and
continually update their work skills.

Supervisors also have responsibility to support employees, including employees with disability. Supervisor specific responsibilities include:

- have a current performance agreement with each employee;
- support employees in achieving life balance;
- embrace flexible work practices, such as part-time and home based work to maximise workplace participation;
- guide develop and mentor employees; and
- maximise learning and development opportunities for employees.

(6) For ADF members. Refer to the responses provided for Questions 3 and 4.

For APS Employees. Defence does not have specific targets for the recruitment and retention of people with disability. Recruitment and promotion are conducted on a merit basis. Merit means that from a field of applicants, Defence selects the best person for the job.

Defence has not adopted targets for recruitment and retention of people with disability based on advice from the Management Advisory Committee Report No. 6 (2006) – Employment of people with disability in the APS (MAC 6 Report). The MAC 6 Report noted that targets for recruitment of people with disability posed a risk of focusing on targets rather than effective steps to address underlying issues.

Defence has developed the Defence Disability Action Plan to directly align with the recommendations of the MAC 6 Report, which did not include targets.

Recruitment and retention activities are supported by Defence policies specifically to support people with disability—see Question 7.

(7) In addition to the items advised in question 4, Defence supports employees with disability through the policies (for APS employees):

- Defence Personnel Instruction (DPI) 2/2002 – Department of Defence Access and Disability Policy. This policy provides coverage of access to buildings, car parking spaces, facilities, equipment, information, education and training programs.
- Defence Personnel Instruction (DPI) 6/2004—Procedures for the Provision of Assistive Technical Office Equipment for the Department of Defence Employees with Disabilities. This policy outlines procedures to apply for centralised support for specialised equipment to assist APS employees with disability.
- The Disability Action Plan (refer to question 3 for further information).

(8) Presently, Defence is developing a number of initiatives to support the employment of people with disability.

For ADF members

There is a Training Rehabilitation Wing under the School of Military Engineering in Sydney focused on injured/ill trainees and a Soldier Recovery Unit being trialled in Townsville that focuses on Townsville based injured/ill soldiers.

For APS Employees

Guide to Reasonable Adjustment. This guide will assist commanders, managers and supervisors to undertake reasonable adjustments for people with disability.

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Mechanisms to facilitate recruitment of people with disability using Australian Public Service Commission Circular 2010 /2—Engagement of people with disability through Disability Employment Service Providers. These mechanisms will facilitate engagement of people with disability who are assessed by a Disability Employment Service (DES) Provider as being unable to compete on merit. Mechanisms may include:

- processes to facilitate advertising, selection and engagement with DES providers;
- guidance to support commanders, managers, supervisor and human resource practitioners; and
- partnership arrangements with Disability Employment Service Providers.

Mechanism to improve data collection of diversity data. Defence notes that voluntary data collection is problematic and is seeking to develop mechanisms to encouraging reporting of disability.

**Asylum Seekers**

(Question No. 687)

Senator Cash asked the Minister representing the Minister for Immigration and Citizenship, upon notice, on 15 June 2011:

1. (a) How many asylum seekers are currently being housed at Jandakot Airport Chalets; and (b) when was the first asylum seeker transferred there.
2. What are the nationalities of these asylum seekers.
3. From where were these asylum seekers transferred.
4. Have the asylum seekers being housed at Jandakot Airport Chalets all been security assessed by the Australian Security Intelligence Organisation (ASIO) and the Department of Immigration and Citizenship (DIAC); if not, why not.
5. How were the asylum seekers, to be transferred to Jandakot Airport Chalets, selected.
6. What is the period of the current lease agreement to house asylum seekers at the Jandakot Airport Chalets.
7. Does the lease include an option or options to extend; if so, for what period.
8. What is the amount per night that the Government is paying to Jandakot Airport Chalets to house each asylum seeker.
9. What is the amount per week that the Government is paying to Jandakot Airport Chalets to house each asylum seeker.
10. Will the Australian Government be providing any financial assistance to Jandakot Airport Chalets to enable them to recommence their commercial activities once the lease has been finalised; if so, how much; if not, why not.
11. What sections of the Airports Act 1996 allow for the usage of the accommodation at Jandakot Airport Chalets to house asylum seekers.
12. Which sections of the Jandakot Airport Master Plan 2009 allow for the usage of the accommodation at Jandakot Airport Chalets to house asylum seekers.
13. With reference to a media release from the Minister for Infrastructure and Transport (Mr Albanese), dated 19 March 2010, in which he states:

The Rudd Labor Government believes that aviation-related development must be the overriding priority at airports.
We are preparing to introduce legislation later this year to strengthen community consultation and approval processes for major developments at airports. This legislation, which was flagged in the National Aviation White Paper, will require any development that may have a significant community impact, regardless of size or cost, to be subject to a major development plan requiring Commonwealth approval, as well as extensive community consultation:

(a) how does housing asylum seekers at the Jandakot Airport site equate to aviation-related development;

(b) what consultation occurred between DIAC and the Department of Infrastructure and Transport prior to the asylum seekers being transferred to Jandakot Airport Chalets and when did the consultation occur;

(c) what broader community consultation was carried out; if none, why was this not undertaken;

(d) what consultation occurred with the aviation training providers at Jandakot Airport, whose students utilize the short term accommodation previously available at Jandakot Airport Chalets; if none, why was this not undertaken.

Senator Carr: The Minister for Immigration and Citizenship has provided the following answer to the honourable senator's question:

(1) (a) As at 15 June 2011, there were 21 clients accommodated at the Jandakot Airport Chalets Alternative Place of Detention (APOD). (b) The first clients were transferred to the Jandakot Airport Chalets APOD on 2 May 2011.

(2) There are currently Chinese, Afghan, Iranian, Iraqi, Sri Lankan, Palestinian Authority and Stateless clients accommodated at the Jandakot Airport Chalets APOD.

(3) Clients currently accommodated at the Jandakot Airport Chalets APOD were transferred there from the North West Point Immigration Detention Centre, Perth Immigration Detention Centre and the recently closed Banksia Tourist Park APOD.

(4) No, not all clients at the Jandakot Airport Chalets APOD have been security assessed.

Clients at the Jandakot Airport Chalets APOD are at various stages of their immigration pathway and may not yet have had a security assessment by ASIO completed.

(5) Clients transferred to the Jandakot Airport Chalets APOD are selected based on the person's risk rating and the particular medical and mental health requirements of the client.

(6) The department has signed a contract with Airport Chalet Centre Pty Ltd for the provision of accommodation services at the Jandakot Airport Chalets. The contract is not a lease. The contract is for a period of six months from 2 May 2011.

(7) The contract provides for an option to extend for two further periods of up to six months each period.

(8) The department is paying Airport Chalet Centre Pty Ltd $2,025.44 per night to accommodate all clients at the Jandakot Airport Chalets.

(9) The department is paying Airport Chalet Centre Pty Ltd $14,178.10 per week to accommodate all clients at the Jandakot Airport Chalets.

(10) No. Airport Chalet Centre Pty Ltd is undertaking commercial activities through its contract with the department.

(11) A 25 year agreement was signed between the Federal Airports Corporation and Airport Chalet Pty Ltd on 7 February 1990. That agreement provides for the use of the site for the purpose of accommodation units. The Department of Infrastructure and Transport advises that no provision of the Airports Act 1996 prevents the use of the Jandakot Airport Chalet site for short-term accommodation.
(12) The Department of Infrastructure and Transport advises that under the Jandakot Airport Master Plan 2009, the potential range of uses for the Jandakot Airport Chalets site is identified as a mixed commercial zone. The Master Plan is published at http://www.jandakot.com.au/JAH_Master_Plan.asp.

(13) (a) The temporary booking of the site by the department for accommodation utilises existing commercially available accommodation facilities. It does not preclude aviation-related development at the airport. (b) The department has entered into a commercial arrangement with Airport Chalet Pty Ltd to purchase accommodation services at a pre-existing commercial facility and as such did not consult the Department of Infrastructure and Transport prior to entering into this arrangement. However, the Department of Infrastructure and Transport advises that no provision of the Airports Act 1996 prevents the use of the Jandakot Airport Chalet site for short-term accommodation. (c) The contract that the department has entered into for the provision of accommodation services at the Jandakot Airport Chalets uses pre-existing commercially available accommodation. There are no residential areas nearby and, as such, there was no community consultation, although nearby commercial activities were contacted. (d) The department has been assured by the owners of the Jandakot Airport Chalets that there was consultation with the management of Jandakot Airport Holdings Pty Ltd prior to entering into the contract with the department. The department has also consulted with Heliwest, the main training provider that used the services of the Jandakot Airport Chalets. Heliwest has advised that students and other aviation customers were offered alternative accommodation.

Defence: Diggerworks
(Question Nos 697 and 698)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 15 June 2011:

In regard to Diggerworks:

(1) What is Diggerworks and where is it located.
(2) Who is its Officer in Charge and to whom does this person report.
(3) In relation to its current staffing:
   (a) what is the number of civilian staff;
   (b) what is the number of uniformed staff;
   (c) what is the level at which each of these staff are employed and the current total cost, including 'on costs', of employment; and
   (d) which staff members have had direct battle field experience to assist them in making decisions that accurately reflect the views of our combatants in the field.
(4) What specific opportunities will Australian manufacturers have in tendering for clothing and associated kit that is suitable for equipping Australian Defence Force (ADF) personnel.
(5) What place will the Report on Defective or Unsatisfactory Materials (RODUMS) have in the decision making processes with kit that is recommended for ADF.
(6) What current form of body armour protection is provided to Australian soldiers serving in Afghanistan.
(7) How much was spent, and over what period, on modular combat body armour systems.
(8) How many sets of tiered body armour systems (TBAS) are currently being used by Australian troops in Afghanistan.
(9) How many RODUMS have been received in relation to TBAS or parts thereof.
(10) What is the nature of these RODUMS.
Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) Diggerworks comprises agencies involved in delivering integrated Soldier Combat Systems. These include Army Headquarters, the Defence Materiel Organisation, Capability Development Group, and the Defence Science and Technology Organisation. Diggerworks facilitates and coordinates the collaboration of the agencies in defining, developing and delivering integrated Soldier Combat System capabilities.

Diggerworks is centred on the Integrated Soldier Systems Development Directorate within Land Systems Division of the Defence Materiel Organisation, located in Victoria Barracks Melbourne. Diggerworks is staffed by close combat subject matter experts, systems engineers, technical advisers, Defence scientists, logistic support managers, prototype engineers and project managers. Combined they provide the analysis, design, and test capability to develop integrated Soldier Combat Systems solutions.

(2) Colonel Jason Blain, an Infantry Officer, is in charge of Diggerworks. He reports to Director General Integrated Soldier Systems, within Land Systems Division, DMO.

(3) (a) Nineteen (19) civilian staff.

(b) Seven (7) military staff.

(c) The current Diggerworks staffing by rank and level, including estimated annual costs as well as 'on costs' is shown below:

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<th>Level</th>
<th>Number</th>
<th>Salary (each)</th>
<th>Oncosts (i) (each)</th>
<th>Operating Overhead (ii) (each)</th>
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(i) Oncosts: A 20 per cent loading on salary is allocated to on costs. This figure is based on historical Land Systems Division data and includes: superannuation, long service leave provision, annual leave and the 3 per cent productivity bonus.

(ii) Operating Overhead: This covers the internal Land Systems Division cost of employing staff. This figure is based on the DMO per capita rate of $6,500 and covers costs such as training, office expenses and travel.

(d) All military staff in Diggerworks have had operational experience. This ranges from deployments to the Sinai, Somalia, East Timor, Iraq and Afghanistan. The Officer-In- Charge of Diggerworks was the Commanding Officer of Mentoring Task Force One in Afghanistan last year and was selected for his current appointment based on his recent operational command experience. He has a detailed understanding of the views of the combatants in the field, having been directly involved in raising issues on combat equipment while a Commanding Officer. Mentoring Task Force One was recently recognised in the Queen’s Birthday Honours List (2011) for a Meritorious Unit Citation. The
military staff also includes an Infantry Warrant Officer and a Special Forces Warrant Officer. Both these soldiers have had direct battle field experience as well as senior appointments in regimental units.

(4) The Standard Combat Uniform will be manufactured in Australia in accordance with Government policy. All other procurements will be conducted in accordance with the Commonwealth Procurement Guidelines. Australian companies will be able to tender for such procurements, unless circumstances that warrant a directed procurement to a non-Australian company, such as operational urgency, exist.

(5) Report on Defective or Unsatisfactory Materiel (RODUM) are one of a number of feedback mechanisms used by Diggerworks to identify deficiencies with or suggested improvements to in-service equipment.

(6) There are three variants of body armour systems currently in use in Afghanistan. They are:

The new Tiered Body Armour System is provided to Mentoring Task Force Three personnel along with the next Special Operations Task Group to deploy;

The Modular Combat Body Armour System is provided to the Combined Team Uruzgan and personnel in Kandahar & Kabul; and

Eagle Marine is currently provided to Special Operations Task Group personnel.

(7) From 2008 until 22 June 2011, $87.586 million has been spent on the Modular Combat Body Armour Systems. This figure includes costs associated with development, ballistic plates, delivery fees and the costs of refurbishing the equipment after use. The Modular Combat Body Armour System remains an in-service body armour where a high degree of protection in primarily static duties is required. It remains in-service on operations and it is planned that it will remain one of the primary body armours of the Australian Defence Force.

(8) Approximately 1,400 sets of the Tiered Body Armour System have been provided to the Mentoring Task Force and Special Operations Task Force in Afghanistan.

(9) and (10) No Reports on Defective or Unsatisfactory Materiel have been received in relation to the Tiered Body Armour System or parts there of as at 21 June 2011.

National Rental Affordability Scheme
(Question No. 719)

Senator Ludlam asked the Minister representing the Minister for Sustainability, Environment, Water, Population and Communities, upon notice, on 29 June 2011:

In regard to the National Rental Affordability Scheme (NRAS) Incentives in boom towns, and given that in reports during the 2009-10 Budget estimates hearings of the Community Affairs Legislation Committee that the number of incentives allocated in the areas of Karratha, Port Hedland, South Hedland, Broome and Newman were 24 incentives approved in Broome in Round 1, and none for Karratha, Port Hedland, South Hedland or Newman:

(1) Can an update on NRAS applications and incentives offered to date be provided for the areas of:

(a) Karratha;
(b) Port Hedland;
(c) South Hedland;
(d) Broome;
(e) Newman;
(f) the Pilbara Region; and
(g) the Kimberley Region.
(2) What is the department doing to improve the delivery of NRAS in mining regions across Australia where rent is extremely expensive.

(3) In addition to the 6-star Building Code of Australia (BCA) guidelines, are any kind of tropical design guidelines being used in any parts of Western Australia, Northern Territory or Queensland; if not, why not.

(4) Has the department advocated at all for the adoption of a tropical or regionally specific BCA that better suits the extreme weather conditions in the north west of Western Australia, Northern Territory and Queensland; if not, will it undertake to do so as a matter of urgency.

Senator Conroy: The Minister for Sustainability, Environment, Water, Population and Communities has provided the following answer to the honourable senator's question:

As at 20 June 2011 there are no approved dwellings in areas a) to g).

The 24 dwellings planned for Broome have transferred to Perth after a change request received from the approved participant and supported by the department and the Western Australian Government.

The following areas have been identified as being included in applications for Round Four of the National Rental Affordability Scheme (NRAS):

(a) Karratha – application/s for 600 dwellings;
(b) South Hedland – application/s for 400 dwellings;
(c) Broome – application/s for 542 dwellings;
(d) Newman – application/s for 146 dwellings;
(e) the Pilbara region – application/s for 340 dwellings.

Currently no offers have been made in relation to the above locations. Final processing of Round Four applications will be completed as soon as possible, subject to state and territory agreement.

The National Rental Affordability Scheme has the flexibility to stimulate the supply of affordable rental dwellings in regions that are experiencing very high rental costs, such as mining regions.

To improve the financial viability of NRAS dwellings in these regions, a range of different dwelling types are supported by the Scheme. These include studio apartments, townhouses, traditional houses and dual key dwelling, provided they are suitable for independent living, which includes tenants having access to their own bathroom and kitchen facilities.

All National Rental Affordability Scheme dwellings are required to comply with Building Code of Australia standards. Approved participants must ensure that each dwelling complies at all times with the landlord, tenancy, building and health and safety laws of the state or territory and local government area in which the dwelling is located.

The application criteria also gives consideration for proposals that maximise affordable housing outcomes for tenants, including building and design features that reduce the overall costs to tenants. This includes building and design features, energy and water saving measures and special window or floor treatments to reduce heat/cold loss. The energy rating of the dwelling and the extent to which the dwelling incorporates efficient lighting, environmentally friendly hot water systems, ventilation and water tanks are assessed for each proposal.

The Building Code of Australia (BCA) is produced and maintained by the Australian Building Codes Board (ABCB) on behalf of the Australian Government and the state and territory governments. The Department of Climate Change and Energy Efficiency has policy responsibility for improving the efficiency of new buildings and major renovations in relation to the BCA.
Housing Affordability
(Question No. 720)

Senator Ludlam asked the Minister representing the Minister for Sustainability, Environment, Water, Population and Communities, upon notice, on 29 June 2011:

Given that the Housing Affordability Fund (HAF), a 5 year, $450 million Government investment set to end in 2013, was designed 'to reduce housing-related infrastructure and planning costs, and to pass savings onto new home purchasers':

(1) Can an overview of the HAF outcomes to date be provided in tabular form, including for each project: the project name, suburb, state or territory, and a description of the affordable housing outcome.

(2) What is the net number of affordable housing dwellings created by the HAF so far, for each of the following Affordable Housing Bands: A, B and C.

(3) With reference to the answer to question no. 78 taken on notice during the 2010-11 additional estimates hearings of the Environment and Communications Legislation Committee which stated that 380 000 homebuyers would benefit from projects under the HAF, can an outline of the evidence of benefits to those 380 000 homebuyers be provided.

(4) Given that a key intended outcome of the HAF was for the development of a national ePlanning roadmap, as well as helping to implement electronic Development Assessment (e-DA) systems, can an update on any outcomes relating to e-DA from the HAF be provided.

Senator Conroy: The Minister for Sustainability, Environment, Water, Population and Communities has provided the following answer to the honourable senator's question:

The requested information on each project is provided in the tables below:

<table>
<thead>
<tr>
<th>State</th>
<th>Grant recipient</th>
<th>Location</th>
<th>Affordable Housing Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Land Development Agency</td>
<td>Crace</td>
<td>489 dwellings with savings</td>
</tr>
<tr>
<td>ACT</td>
<td>Land Development Agency</td>
<td>Bonner</td>
<td>330 dwellings with savings</td>
</tr>
<tr>
<td>ACT</td>
<td>Land Development Agency</td>
<td>Harrison</td>
<td>138 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land &amp; Housing Corporation</td>
<td>Rosemeadow</td>
<td>117 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land &amp; Housing Corporation</td>
<td>Glebe, Sydney</td>
<td>92 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land &amp; Housing Corporation</td>
<td>Seven Hills</td>
<td>120 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>Department of Planning</td>
<td>Bungarribee</td>
<td>450 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>Landcom</td>
<td>Mittagong (Renwick)</td>
<td>300 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>Landcom</td>
<td>Edmondson Park</td>
<td>115 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>St Marys Land Ltd</td>
<td>Northern Road—road</td>
<td>250 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>St Marys Land Ltd</td>
<td>Ropes Crossing—construction</td>
<td>240 dwellings with savings</td>
</tr>
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<td>NSW</td>
<td>Moree Plains Shire Council</td>
<td>Brigalow Drive, Moree</td>
<td>12 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land &amp; Housing Corporation</td>
<td>Claymore</td>
<td>380 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land &amp; Housing Corporation</td>
<td>Bolton Point</td>
<td>95 dwellings with savings</td>
</tr>
<tr>
<td>NSW</td>
<td>Clarence Valley Council</td>
<td>Clarence Valley</td>
<td>35 dwellings with savings</td>
</tr>
<tr>
<td>State</td>
<td>Grant recipient</td>
<td>Location</td>
<td>Affordable Housing Outcome</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------</td>
<td>----------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>NT</td>
<td>Dept Planning &amp; Infrastructure</td>
<td>Johnston, Palmerston East</td>
<td>800 dwellings with savings</td>
</tr>
<tr>
<td>QLD</td>
<td>Isaac Regional Council</td>
<td>Nebo</td>
<td>63 dwellings with savings</td>
</tr>
<tr>
<td>QLD</td>
<td>Gold Coast City Council</td>
<td>Upper Coomera</td>
<td>16 dwellings with savings</td>
</tr>
<tr>
<td>QLD</td>
<td>Moreton Bay Regional Council</td>
<td>Caboolture</td>
<td>100 dwellings with savings</td>
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<tr>
<td>QLD</td>
<td>Mackay Regional Council</td>
<td>Rural View (north of Mackay)</td>
<td>1000 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>Minister for Housing</td>
<td>Woodville West</td>
<td>106 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>Minister for Housing</td>
<td>Oaklands Park, South Plympton, Camden Park and Marden (med density development)</td>
<td>50 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>Minister for Housing</td>
<td>Lochiel Park</td>
<td>23 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>Town of Gawler</td>
<td>Evanston Gardens</td>
<td>1200 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>City of Adelaide</td>
<td>Adelaide</td>
<td>52 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>City of Salisbury</td>
<td>Salisbury infill development</td>
<td>126 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>City of Salisbury</td>
<td>Dansie Crescent</td>
<td>11 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>City of Melbourne</td>
<td>St Clair</td>
<td>184 dwellings with savings</td>
</tr>
<tr>
<td>SA</td>
<td>City of Salisbury</td>
<td>Paralowie Walpole Road</td>
<td>150 dwellings with savings</td>
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<tr>
<td>TAS</td>
<td>Dept Health &amp; Human Services</td>
<td>Clarendon Vale</td>
<td>110 dwellings with savings</td>
</tr>
<tr>
<td>TAS</td>
<td>Housing Tasmania</td>
<td>Chigwell</td>
<td>58 dwellings with savings</td>
</tr>
<tr>
<td>TAS</td>
<td>Housing Tasmania</td>
<td>Wynyard</td>
<td>15 dwellings with savings</td>
</tr>
<tr>
<td>VIC</td>
<td>Director of Housing</td>
<td>Prahran, Richmond and Fitzroy</td>
<td>736 dwellings with savings</td>
</tr>
<tr>
<td>VIC</td>
<td>Swan Hill Rural City Council</td>
<td>Robinvale</td>
<td>34 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Housing Authority</td>
<td>Henley Brook</td>
<td>345 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Land Authority</td>
<td>Broome</td>
<td>242 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Housing Authority</td>
<td>Geraldton—Beachlands</td>
<td>100 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Housing Authority</td>
<td>Harrisdale Green</td>
<td>197 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Housing Authority</td>
<td>Golden Bay</td>
<td>528 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>Town of Kwinana</td>
<td>Medina</td>
<td>60 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>WA Land Authority</td>
<td>Mandurah</td>
<td>55 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>City of Armadale</td>
<td>Newhaven Town Centre</td>
<td>59 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>City of Gosnells</td>
<td>Amherst Village</td>
<td>99 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>City of Wanneroo</td>
<td>East Lansdale</td>
<td>39 dwellings with savings</td>
</tr>
<tr>
<td>WA</td>
<td>Shire of Upper Gascoyne</td>
<td>Gascoyne Junction</td>
<td>7 dwellings with savings</td>
</tr>
</tbody>
</table>

*Reform only projects include*

<table>
<thead>
<tr>
<th>State</th>
<th>Grant recipient</th>
<th>Location</th>
<th>Affordable Housing Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>Redfern Waterloo</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>South Randwick</td>
<td>Reduced housing-related infrastructure and planning costs</td>
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<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>Chester Hill</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>Villawood East</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
</tbody>
</table>

QUESTIONS ON NOTICE
<table>
<thead>
<tr>
<th>State</th>
<th>Grant recipient</th>
<th>Location</th>
<th>Affordable Housing Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>Prospect</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>NSW</td>
<td>NSW Land and Housing Corporation</td>
<td>Wentworthville</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>NSW</td>
<td>City of Sydney</td>
<td>Sydney city</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>VIC</td>
<td>Growth Areas Authority</td>
<td>Various locations around Melbourne</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>VIC</td>
<td>City of Ballarat</td>
<td>Ballarat</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>QLD</td>
<td>Brisbane City Council</td>
<td>Brisbane city</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>QLD</td>
<td>SEQ Council of Mayors—Target 5 Days</td>
<td>South East Queensland</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>QLD</td>
<td>SEQ Council of Mayors—Liveable Compact Cities</td>
<td>South East Queensland</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>QLD</td>
<td>SEQ Council of Mayors—Next Generation Planning</td>
<td>South East Queensland</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
<tr>
<td>WA</td>
<td>Shire of Serpentine / Jarrahdale Planning policies</td>
<td>Mundijong, WA</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
</tbody>
</table>

**Electronic Development Assessments**

<table>
<thead>
<tr>
<th>All states</th>
<th>Various Electronic Development Assessment</th>
<th>Reduced housing-related infrastructure and planning costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nat'l Coord Office</td>
<td>Western Australia Electronic Development Assessment</td>
<td>Reduced housing-related infrastructure and planning costs</td>
</tr>
</tbody>
</table>

Around 13,000 home buyers will receive direct savings from projects created by the Housing Affordability Fund. 749 home buyers have received savings to date. Information is not collected under the program in relation to the Affordability Housing Bands: A, B and C.

The answer to Question 78 stated: "The estimate of 380,000 home buyers expected to benefit from the planning and development reform projects under the Housing Affordability Fund is based on information provided by the project proponents. Given that the majority of projects are still in their early phases of delivery, the department has not sought to revise this number at this stage."

This information remains current, with most projects still in their early phases of delivery. By way of example, one reform project, Target 5 Days in south-east Queensland, is estimated to benefit approximately 16,000 home buyers each year with a projected saving of around $4000 on all newly constructed homes in one of Australia's highest growth areas.

The national ePlanning roadmap was completed on 30 June 2011.

All jurisdictions were required to implement a protocol, known as the Electronic Development Assessment Interoperability Specification, allowing different IT systems to communicate data with each other based on common technical requirements.

Five jurisdictions are already compliant with the protocol, and are currently using electronic development applications. They are Queensland, Northern Territory, Australian Capital Territory, South
Australia and Victoria. Three jurisdictions that are expected to be conformant by June 2012 are New South Wales, Western Australia and Tasmania.

**Pontville Detention Centre**

(Question No. 726)

**Senator Abetz** asked the Minister representing the Minister for Immigration and Citizenship, upon notice, on 4 July 2011:

1. In regards to Pontville Detention Centre:
   a. when was the tender let for the construction of the Centre;
   b. was Fairbrother's selected as a single select tender;
   c. were other companies, such as Hazell Bros, Hansen Yuncken, VOS Construction and Joinery Pty Ltd, Macquarie Builders or any other company, approached in relation to putting in a tender; if not, why not;
   d. which firm of architects was given the task of doing the drawings for the Centre;
   e. when were the architects engaged;
   f. when was the first lot of drawings made available;
   g. how often have the drawings been revised;
   h. were the architects obtained on a single select tender; if so, why; if not, what other architectural firms or businesses were approached;
   i. when will work on the Centre commence;
   j. when is it anticipated that work on the Centre will be completed; and
   k. have other contractors been able to obtain work for various aspects of the Centre; if so, for each contractor can the following be provided:
      i. the name of the contractor,
      ii. the value of each contract, and
      iii. how they were selected.

2. In regard to the Northern Territory Detention centre, when is it anticipated that that Centre currently under construction will be completed.

**Senator Carr:** The Minister for Immigration and Citizenship has provided the following answer to the honourable senator's question:

1. a. DIAC engaged a Hobart based building company—Fairbrother Pty Ltd—via direct sourcing, as the head contractor. A number of construction works packages contractually linked to the head contractor were tendered on 11 June 2011.
   b. Yes.
   c. No. Due to a short timeframe requirement the Department's project Superintendent recommended Fairbrother Pty Ltd as the preferred builder. This was due to their capacity and knowledge to deliver the project.
   d. Bush Park Shugg and Moon (BPSM).
   e. 29 April 2011.
   f. The first concept plan was made available on 12 April 2011 at the Brighton Council meeting.
   g. As at 30 June 2011, the drawings have been revised 15 times to reflect stakeholder input and local building code requirements.
(h) BPSM were engaged off the Department's Architectural Services panel which has been competitively tested through an earlier tender exercise.

(i) The civil program commenced on 21 June 2011 and the main construction works commenced on 27 June 2011.

(j) The project is due for practical completion on 26 September 2011. Stage 1 will be complete in mid/late August 2011.

(k) Yes. Details are listed in the table below:

<table>
<thead>
<tr>
<th>(i) the name of contractor</th>
<th>(ii) The value of each contract</th>
<th>(iii) how they were selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDC Developments</td>
<td>$423,197</td>
<td>By tender</td>
</tr>
<tr>
<td>Midlands Plumbing</td>
<td>$765,510</td>
<td>By tender</td>
</tr>
<tr>
<td>KLM Group</td>
<td>$1,239,000</td>
<td>By tender</td>
</tr>
<tr>
<td>White &amp; McAllister</td>
<td>$1,278,732</td>
<td>By tender</td>
</tr>
<tr>
<td>Halton Joinery</td>
<td>$63,277</td>
<td>By tender</td>
</tr>
<tr>
<td>General Carpentry</td>
<td>$523,472</td>
<td>By tender</td>
</tr>
<tr>
<td>Fairbrother</td>
<td>$388,491</td>
<td>By tender</td>
</tr>
<tr>
<td>Park Homes</td>
<td>$182,773</td>
<td>By tender</td>
</tr>
</tbody>
</table>

(2) It is anticipated that the first stage of the Northern Territory Detention Centre will be completed in late October 2011. The final stage of the Centre should be completed by late April 2012.

**Defence: Staffing**

(Question No. 736)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, what was the average cost in recruiting each new uniformed person into each of the service areas (i.e. army, navy and air force).

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The simple average cost per recruit for the period 1 January to 30 June 2011 was $24,591 across Navy, Army and Air Force.

This is a simple average based on the total expenditure by Defence Force Recruiting in the period 1 January to 30 June 2011 ($86,854m) divided by the total number of uniformed personnel recruited to the Australian Defence Force through Defence Force Recruiting in this period (3,532).

While ceremonial activities and community based activities have an indirect benefit to recruitment, they are not classified as direct recruitment costs and as such are not included in these costs.

**Defence: Staffing**

(Question No. 737)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

What was the total expenditure on recruiting for the periods: (a) 1 January to 30 June 2011; and (b) 1 July 2010 to 31 June 2011.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The total direct expenditure by Defence Force Recruiting on recruitment into the Australian Defence Force in the period:
(a) 1 January to 30 June 2011 was $86.854m
(b) 1 July 2010 to 30 June 2011 was $142.110m

While ceremonial activities and community based activities have an indirect benefit to recruitment, they are not classified as direct recruitment costs and as such are not included in these costs.

The expenditure in the twelve month period was abnormally high largely as a result of the transition of the Recruiting Services contract from Chandler McLeod Group (CMG) to Manpower Services (Australia) Pty Ltd (Manpower). These additional costs related to the resolution of a number of contractual issues as part of the termination of the CMG contract and payments to Manpower to facilitate their transition-in during the period 14 December 2009 to 1 February 2010.

Defence: Staffing
(Question No. 738)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, how much was paid to the Australian Defence Force prime recruiting agency for the provision of services.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The total amount paid to Manpower Services (Australia) Pty Ltd for the provision of Australian Defence Force recruiting services in the period 1 January to 30 June 2011 was $43.517m.

Defence: Strategic Reform Program
(Question No. 739)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs – Gross SRP Stream Savings' for:

(a) information and communications technology;
(b) inventory;
(c) logistics;
(d) non-equipment procurement;
(e) Reserves;
(f) shared services; and
(g) workforce.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

Defence: Strategic Reform Program
(Question No. 740)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:
For the period 1 January to 30 June 2011, what specific savings have been made in the Strategic Reform Program (SRP) 'Provisional Savings and Costs – SRP Stream Costs' for:

(a) information and communications technology;
(b) inventory;
(c) smart maintenance;
(d) logistic;
(e) non-equipment procurement;
(f) preparedness and personnel and operating costs;
(g) Reserves;
(h) shared services;
(i) workforce; and
(j) Mortimer implementation.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

Defence: Strategic Reform Program
(Question No. 742)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, what specific savings have been made in the Strategic Reform Program 'Other Savings' for the following areas:

(a) zero based budgeting review;
(b) minor capital program;
(c) facilities program;
(d) administrative; and
(e) productivity.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of productivity, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

Defence: Strategic Reform Program
(Question No. 743)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications':

QUESTIONS ON NOTICE
(1) As at 30 June 2011, how many uniformed personnel, full-time and part-time, were employed.

(2) As at 1 January and 30 June 2011, how many uniformed personnel were employed on the projects.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

As at 30 June 2011, there were 58,995 full-time and part-time permanent uniformed personnel employed. This number, like the workforce data detailed in *Strategic Reform Program: Making It Happen*, reflects full-time equivalent average numbers, known as Average Funded Strength (AFS) for military personnel. Using the AFS approach, Defence counts full-time and part-time service as one overall average quantity.

The Government provisioned an additional 1,201 full-time equivalent uniformed personnel for 2010-11 under the White Paper, as reflected in the *Strategic Reform Program: Making It Happen*. This workforce has been allocated to the Services to implement a range of White Paper initiatives including the Defence Capability Plan. The breakdown by Service is Navy: 566, Army: 392, and Air Force: 243.

These personnel ranged from sailors, soldiers and airmen/women to senior officers on an as needed basis according to the particular White Paper projects and initiatives being actioned, including through the Strategic Reform Program.

Because of the breadth and depth of the White Paper initiatives, the number of personnel varied throughout the specified period and it is not possible to provide a specific total referenced to each White Paper project.

**Defence: Strategic Reform Program**

(Question No. 744)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications – Military Workforce':

(1) As at 30 June 2011, how many civilian personnel, full-time and part-time, were employed in implementing the White Paper initiatives.

(2) As at 1 January and 30 June 2011:

(a) how many civilian personnel were employed; and

(b) in what programs.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(1) and (2) (a)-(b) The Government provisioned an additional 1,332 civilian personnel (in Defence and the Defence Materiel Organisation, including Australian Public Service staff and contractors) for 2010-11 under the White Paper, as reflected in the publication *The Strategic Reform Program: Making It Happen*. This provision applied on both 1 January and 30 June 2011.

The workforce data detailed in *The Strategic Reform Program: Making It Happen* are based on approved allocations at the time of publication and reflect full-time equivalent average numbers. Using the full-time equivalent (FTE) approach, Defence counts full-time and part-time service as one overall average quantity.

This workforce has been allocated across all Defence Groups to implement a range of White Paper initiatives including the Defence Capability Plan.
These Australian Public Service personnel ranged from junior to senior officers on an as needed basis according to the particular White Paper initiatives being actioned.

Because of the breadth and depth of the White Paper initiatives, the number of personnel varied throughout the specified period and it is not possible to provide a specific total referenced to each White Paper initiative.

**Defence: Strategic Reform Program**  
*(Question No. 745)*

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications – Military Workforce': For the period 1 January to 30 June 2011, how many uniformed personnel, including full-time and part-time, were employed in implementing the White Paper initiatives.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The Government provisioned an additional 1,201 full-time equivalent permanent uniformed personnel for 2010-11 under the White Paper, as reflected in the publication *Strategic Reform Program: Making It Happen*.

The workforce data detailed in *Strategic Reform Program: Making It Happen* are based on approved allocations at the time of publication and reflect full-time equivalent average numbers, known as Average Funded Strength (AFS) for military personnel. Using the AFS approach, Defence counts full-time and part-time service as one overall average quantity.

This workforce has been allocated to the Services to implement a range of White Paper initiatives including the Defence Capability Plan. The breakdown by Service is Navy: 566, Army: 392 and Air Force: 243.

These personnel ranged from junior to senior officers on an as needed basis according to the particular White Paper initiatives being actioned, including through the SRP.

Because of the breadth and depth of the White Paper initiatives, the number of personnel varied throughout the specified period and it is not possible to provide a specific total referenced to each White Paper initiative.

In relation to the overall military workforce, over the period 1 January to 30 June 2011, the Defence military workforce decreased marginally from 59,019 full-time equivalent average uniformed personnel to 58,995, and the overall average for the 2010-11 financial year was 59,084.

**Defence: Strategic Reform Program**  
*(Question No. 747)*

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications – Military Workforce': As at 30 June 2011, what increase or reduction has there been in civilian personnel employed, full-time and part-time, in the Department and in the Defence Materiel Organisation since 1 July 2008.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:
The workforce data detailed in the White Paper and the Strategic Reform Program 'Indicative Workforce Implications' are based on approved allocations at the time of publication and reflect full-time equivalent average numbers for each financial year.

On 30 July 2008 Defence (including DMO) employed 20,439 full-time equivalent average Australian Public Service (APS) personnel and approximately 704 contractors (noting that contractor reporting mechanisms were not mature in July 2008). As at 30 June 2011, Defence (including DMO) was employing 21,263 full-time equivalent average APS personnel and 552 contractors.

This represents an increase in APS personnel of +824 (+4.0%), and a reduction in contractors of approximately -152 (-21.6%) since 1 July 2008. Of these overall changes, the APS increase in Defence was +485 (+3.2%) while in DMO it was +339 (+6.2%). The number of contractors in Defence increased by +37 (+7.4%) while in DMO they reduced by -189 (-91.7%).

**Defence: Strategic Reform Program**

(Question No. 748)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications – Civilian Workforce': For the period 1 January to 30 June 2011, how many personnel, including full-time and part-time, were employed as Australian Public Service staff or contractors.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The workforce data detailed in the White Paper and the Strategic Reform Program 'Indicative Workforce Implications' are based on approved allocations at the time of publication and reflect full-time equivalent average numbers. Using the full-time equivalent (FTE) approach, Defence counts full-time and part-time service as one overall average quantity.

Over the period 1 January to 30 June 2011, the Defence civilian workforce increased from 20,616 full-time equivalent average APS personnel and 425 contractors, to 21,263 full-time equivalent average APS personnel and 552 contractors. The overall averages for the 2010-11 financial year were 20,648 APS and 605 contractors.

**Defence: Strategic Reform Program**

(Question No. 749)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program (SRP) 'Indicative Workforce Implications – Civilian Workforce': For the period 1 January to 30 June 2011, how many Australian Public Service staff or contractors, including full-time and part-time, were employed on White Paper/SRP initiatives.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The Government provisioned an additional 1,332 civilian personnel (in Defence and the Defence Materiel Organisation, including Australian Public Service staff and contractors) for 2010-11 under the White Paper, as reflected in the publication *The Strategic Reform Program: Making It Happen*.

When staff savings resulting from the Strategic Reform Program (SRP) are accounted for, the net White Paper/SRP total reflected in *The Strategic Reform Program: Making It Happen* reduces to 1,187.
Increases in the targets for efficiency savings since publication mean that the net White Paper/SRP civilian staffing total for 2010-11 was 938.

The workforce data detailed in The Strategic Reform Program: Making It Happen are based on approved allocations at the time of publication and reflect full-time equivalent average numbers. Using the full-time equivalent (FTE) approach, Defence counts full-time and part-time service as one overall quantity.

**Defence: Strategic Reform Program**

(Question No. 751)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the White Paper and the Strategic Reform Program 'Indicative Workforce Implications – Civilian Workforce': As at 30 June 2011, what increase or reduction has there been in full-time and part-time Australian Public Service staff or contractors employed since 1 July 2008.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

The workforce data detailed in the White Paper and the Strategic Reform Program 'Indicative Workforce Implications' are based on approved allocations at the time of publication and reflect full-time equivalent average numbers. Using the full-time equivalent (FTE) approach, Defence counts full-time and part-time service as one overall quantity.

On 30 July 2008 Defence employed 20,439 full-time equivalent average Australian Public Service (APS) personnel and approximately 704 contractors (noting that contractor reporting mechanisms were not mature in July 2008). As at 30 June 2011, Defence was employing 21,263 full-time equivalent average APS personnel and 552 contractors.

This represents an increase in APS personnel of +824 (+4.0%), and a reduction in contractors of approximately -152 (-21.6%) since 1 July 2008.

**Defence: Submarines**

(Question No. 752)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

1. Which submarines in the Royal Australian Navy fleet were fully operational ready for tasking with a full crew complement and capable of completing Unit Ready Days and Tasking Ready Days.
2. How many actual sea going fully operational days were achieved by each submarine.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

(1) The following submarines were in their operating cycles during the period 1 January to 30 June 2011:

- HMAS *Waller* was in its operating cycle throughout the period.
- HMAS *Dechaineux* was in its operating cycle throughout the period.

The term 'Tasking Ready Days' is not used by the Royal Australian Navy. 'Unit Ready Days' are the days a submarine is available for tasking.
(2) Details of the operational activities of submarines are not disclosed in public for reasons of operational and national security. Navy's achievement of unit ready days will be reported in the Defence Annual Report 2010/11. Defence's offer of a private briefing on these matters remains.

Defence: Submarines
(Question No. 754)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011: (a) how many fully qualified personnel are 'Dolphin Qualified' and permanently employed in the Royal Australian Navy to operate submarines; and (b) how many 'Dolphin Qualified' personnel were tasked with other duties and what were these duties.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(a) 561.

(b) 79 qualified personnel were employed in broader Navy or Australian Defence Force positions in maintenance, operations and logistics support, project management, capability development, and senior staff officer roles.

Defence: Submarines
(Question No. 755)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, how many personnel fully completed training courses and became 'Dolphin Qualified' and eligible to serve on submarines.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Twenty two personnel completed training and became submarine qualified during the period 1 January to 30 June 2011.

Defence: Submarines
(Question No. 756)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, how many personnel completed training courses and became 'Perisher Qualified' and eligible to command a submarine.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

No personnel completed the Submarine Command Course during this period.

Defence: Submarines
(Question No. 757)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

As at 30 June 2011, how many Royal Australian Navy personnel are 'Perisher Qualified' and eligible to command a submarine.
Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

As at 30 June 2011, 16 Royal Australian Navy officers of the ranks Lieutenant Commander and Commander were 'Perisher Qualified' and eligible to command a submarine.

**Defence: Submarines**

(Question No. 758)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, which submarines were undergoing maintenance/refit programs and for what length of time.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

The following submarines were undergoing maintenance/refit programs over the period 1 January to 30 June 2011:

(i) HMAS Collins – was conducting Certification Extension Docking maintenance throughout.

(ii) HMAS Farncomb – conducted Intermediate Docking maintenance and unscheduled maintenance until late June 2011.

(iii) HMAS Dechaineux – conducted 11 weeks of scheduled and unscheduled maintenance during its operating cycle.

(iv) HMAS Sheean – was in Full Cycle Docking throughout.

(v) HMAS Rankin – was in Full Cycle Docking throughout.

**Defence: Communications**

(Question No. 760)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

Given that video communications are integrated into robots, soldiers and unmanned aerial vehicles, network-centric warfare is becoming the organising principle of war fighting, and frontline demands for bandwidth are rising at a rapid rate, for the period 1 January to 30 June 2011, what did the Australian Defence Force do and how much did it spend on:

(1) establishing a network centric-warfare capability; and

(2) addressing the issue of increased bandwidth?

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

**Network Centric Warfare Capability Policy and Plans**

(1) A similar question has previously been asked under Senate Question on Notice No. 484 for the period 1 July to 31 December 2010 and a response was provided. The response to this question provides updated information for the requested period of 1 January to 30 June 2011 and should be read in conjunction with the response to Senate Question on Notice No. 484. Defence was engaged in the following network centric warfare activities from 1 January to 30 June 2011.

(a) Specialist Communications Modernisation Program—Land

During the subject period, a market survey was conducted to obtain better cost and schedule fidelity and make available to industry key capability definition documents. The Request For Tender was
released on 02 June 2011 (closing date is 26 August 2011). During the period Defence has also developed plans to install WAN optimisation devices on the deployed networks to manage application specific bandwidth requirements. Defence has expanded the initial operating capability of the networked maritime units milestone through the installation of Link 16 on the ANZAC class Frigates.

(b) Navy Information Warfare Master Plan
Navy is finalising development of the Navy Information Warfare Master Plan.

Network Centric Capability and Increased Bandwidth

(2) On the matter of increasing bandwidth, Defence was engaged in the following activities from 1 January to 30 June 2011.

(a) Link 16 capabilities
Defence has maintained an initial operating capability of the networked maritime units milestone through evolution of the Link 16 capabilities installed in the Adelaide Class Frigates. The improvement of knowledge through this technology, which will be installed into the ANZAC Class Frigates and the new AWD and LHD platforms, will enhance our NCW capability and markedly improve interoperability both within the ADF and more widely with our Allied/coalition partners.

(b) Line of sight communications capability
Navy is undertaking experimentation with our 5 eyes partners (CAN, NZ, UK, and US) to develop high data rate line of sight communications capability which will provide our mobile units with the capability to maintain essential NCW capability in environments where satellite communications are denied or otherwise unavailable.

(c) Joint Project 2008 (ADF Satellite Communications) has delivered the following:
(i) Phase 3E – three Maritime Advanced Satellite Terrestrial Infrastructure System (MASTIS) terminals for AWD/LHD ($5.5 million);
(ii) Phase 3F—Defence continues the development of a long term satellite ground station capability on the Australian West coast ($3.41 million);
(iii) Phase 4—continued milestone payments for the sixth Wideband Global SATCOM satellite ($133.53 million); and
(iv) Phase 5A—Defence continued the acquisition of an Ultra High Frequency payload on the IS-22 commercial satellite over the Indian Ocean Region, which will become operational in 2012 ($34.53 million).

(d) Joint Project 2043 (High Frequency Modernisation) has delivered the following:
(i) commenced the rollout of 400 watt High Frequency (HF) Automatic Link Establishment (ALE) radio systems in a transit case solution to army units ($2.4 million), and
(ii) upgrades to four Black Hawk helicopters with HF ALE capable radios ($2.7 million)

(e) Brigade-level Battle Management System (BMS)
Army contracted Elbit Systems Limited (ESL) to provide a (BMS) concept demonstrator at a cost of $4.2 million. The system delivered was accompanied by technical field support representatives and a digital communications network for deployment in support of HQ 7 Bde during the lead-up to and conduct of Exercise TALISMAN SABRE 11.

(f) Land 75 and Land 125
Land 75 (Battle Management System) Phases 3.2, 3.3 and 3.4 and Land 125 (Soldier Enhancement) have completed work for vehicle and soldier installation design, prototype manufacture and testing and logistic preparation for introduction into service ($50 million).
(g) Joint Project 2072 (Battlespace Communications Systems – Land) Phase One
Joint Project 2072 (Battlespace Communications Systems – Land) Phase One, has begun to take delivery of new generation of Combat Net Radio and Tactical Data Radios from Harris and Raytheon that will support the introduction of a new Battle Management System being provided by Elbit Systems Limited in Land 75 (Battle Management System). The Initial Materiel Release milestone was achieved in June this year which is the first step in the delivery of Networked Battle group for both Army and Air Force ($58 million).

(h) Operational Data Exchange Network (ODEN)
Through the Land Network Integration Centre, Army has designed and built the second generation of the Operational Data Exchange Network (ODEN). ODEN has since been deployed to Afghanistan to support deployed forces and now delivers a digital data backbone between the main operating base, forward operating bases and patrol bases.

(j) Communications Bearers
Again through the LNIC, Army is in the process of assessing a range of communications bearers to provide more bandwidth between the bases in Afghanistan. The LNIC has spent approx $790 000 on new Time Domain Multiple Access Satellite equipment and another $2 million on network integration gateways and tropospheric scatter beyond line of sight radio bearers. These will be tested and assessed for suitability to support the ODEN network, in addition to broader network architecture and systems integration trials in support of Army further developing the Land Network Architecture.

(k) Army’s Networking Objectives
Army has established three new Army positions at a cost of 3 x Average Funded Salaries ($345 000 p/a enduring). These positions will work in direct support of realising Army’s networking objectives by delivering additional staff capacity to the Directorate of Network Enabled Warfare at AHQ, the G6 Branch of HQ FORCOMD and the Land Network Integration Centre. All of these positions are active to be posted against from Jan 12.

Defence: Media Monitoring
(Question Nos 761 to 763)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

(1) For the period 1 January to 30 June 2011, for each agency within the responsibility of the Minister, how much was spent on media monitoring.

(2) As at 1 January and 30 June 2011:

(a) how many staff, uniformed and civilian, full-time and part-time, were employed in public relations and/or the media in the department or each agency within the responsibility of the Minister;

(b) what were the position levels of these staff; and

(c) how many of these staff were: (i) permanent, (ii) temporary, or (iii) contractors.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator’s question:

(1) The Department of Defence has spent $627,777 (GST inclusive) on media monitoring by Media Monitors. Defence Housing Australia has spent $20,532.07 (GST exclusive) on media monitoring by the Australian Associated Press (AAP) news centre.

(2) (a), (b) and (c) At 1 January 2011, the Defence Public Affairs Branch employed 65 civilians, 50 military personnel and four contractors.
At 30 June 2011, the Communication and Media Branch employed 60 civilians, nine military personnel and four contractors.

As at 30 June 2011, the Strategic Communication Branch employed 42 permanent military, 21 part-time military and five permanent civilian staff. Of that figure, three staff were employed in administrative/logistics support roles (one permanent military, one part-time military and one permanent civilian). Within Strategic Communication Branch, 36 positions remain unfilled (four permanent military, 30 part-time military and two permanent civilian).

As at 1 January 2011, outside of the Communication and Media Branch and the Strategic Communication Branch, there were 30 civilians, 12 military and three contractors who provided public affairs support as a part of their regular duties within the Defence groups and services. As at 30 June 2011, there were 36 civilians, nine military personnel and one contractor.

**Defence Public Affairs Branch**

<table>
<thead>
<tr>
<th>Section</th>
<th>Staffing as at 1 January 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1 x permanent BRIG, 1 x permanent COL, 1 x permanent MAJ, 1 x permanent EL2, 1 x permanent/part time EL1, 1 x permanent APS6</td>
</tr>
<tr>
<td>Defence Service</td>
<td>1 x permanent EL2, 4 x permanent EL1, 1 x temporary EL1, 4 x permanent APS6, 1 x permanent APS4-5, 1 x permanent/part-time APS4, 1 x permanent LCDR, 1 x permanent SGT, 1 x permanent CPL, 1 x LS</td>
</tr>
<tr>
<td>Newspapers</td>
<td>7 x permanent EL1</td>
</tr>
<tr>
<td>Communication Advisers</td>
<td>1 x permanent EL2, 3 x permanent EL1, 1 x permanent APS6, 1 x temporary APS6, 4 x permanent APS4/5</td>
</tr>
<tr>
<td>Media Operations</td>
<td>1 x permanent EL1, 2 x contractors</td>
</tr>
<tr>
<td>Defence Internet</td>
<td>1 x permanent EL1, 1 x permanent APS6, 1 x permanent part-time APS4, 1 x permanent WO2, 2 x contractors</td>
</tr>
<tr>
<td>Library</td>
<td>1 x permanent/part-time APS6</td>
</tr>
<tr>
<td>Leadership Communications</td>
<td>1 x permanent APS6, 1 x permanent MAJ, 1 x LT (Reserve), 1 x CAPT (Reserve)</td>
</tr>
<tr>
<td>Military Public Affairs, Preparedness, Plans and Training</td>
<td>1 x permanent EL2, 1 x permanent EL1, 1 x permanent APS6</td>
</tr>
<tr>
<td>Research, Policy and Entertainment Media Liaison</td>
<td>7 x permanent EL1, 1 x permanent APS6, 2 x permanent APS2</td>
</tr>
<tr>
<td>Military Headquarters Support</td>
<td>2 x permanent LTCOL, 2 x permanent MAJ, 7 x permanent CAPT, 2 x permanent LEUT, 1 x permanent FLTTLT, 2 x permanent LEUT, 1 x permanent FLTTLT, 1 x permanent LT</td>
</tr>
<tr>
<td>1st Joint Public Affairs Unit</td>
<td>1 x permanent MAJ, 1 x permanent LEUT, 2 x permanent FLTTLT, 2 x permanent LT, 1 x WO2, 3 x permanent SGT, 1 x permanent PO, 7 x permanent CPL, 1 x permanent LS, 1 x permanent LAC, 1 x permanent AB, 1 x permanent APS4</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>1 x permanent APS6, 1 x permanent part-time APS4</td>
</tr>
<tr>
<td>Extended leave/ maturity leave/</td>
<td>3 x permanent EL1, 1 x permanent part time EL1, 1 x permanent APS6, 2 x permanent part-time APS6, 3 x permanent APS4-5</td>
</tr>
</tbody>
</table>
## Communication and Media Branch

### Staffing as at 30 June 2011

<table>
<thead>
<tr>
<th>Section</th>
<th>Staffing as at 30 June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1 x permanent SES Band 1, 1 x permanent/part-time EL1, 1 x permanent APS6</td>
</tr>
<tr>
<td>Defence News</td>
<td>1 x permanent EL2, 4 x permanent EL1, 1 x temporary EL1, 5 x permanent APS6, 1 x temporary APS6, 1 x permanent APS4-5, 1 x permanent APS4, 1 x permanent/part-time APS4, 1 x permanent LS, 1 x permanent SGT, 1 x permanent CPL, 1 x permanent LCPL, 1 x permanent AB, 1 x permanent LAC</td>
</tr>
<tr>
<td>Media Operations</td>
<td>1 x permanent EL2, 2 x permanent EL1, 1 x permanent APS6, 1 x temporary APS6, 5 x permanent APS4-5</td>
</tr>
<tr>
<td>Digital Media, Entertainment Media</td>
<td>1 x permanent EL2, 3 x permanent EL1, 4 x permanent APS6, 1 x permanent/part-time APS6, 1 x permanent APS4, 1 x permanent WO2, 4 x contractors</td>
</tr>
<tr>
<td>Liaison and Branding Services, Operations &amp; Training</td>
<td>3 x permanent EL1, 1 x permanent MAJ, 1 x permanent APS6</td>
</tr>
<tr>
<td>Regional Public Affairs, Communication Advisers &amp; Support Leadership Communications Temporary transfer to another work area or deployed</td>
<td>1 x permanent EL2, 11 x permanent EL1, 1 x permanent APS6, 2 x permanent APS2</td>
</tr>
<tr>
<td></td>
<td>1 x permanent/part-time APS6</td>
</tr>
<tr>
<td></td>
<td>1 x permanent COL, 1 x permanent EL1, 1 x permanent/part-time EL1</td>
</tr>
</tbody>
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## Strategic Communication Branch

<table>
<thead>
<tr>
<th>Section</th>
<th>Staffing as at 30 June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>1 x permanent BRIG.</td>
</tr>
<tr>
<td>Directorate Plans &amp; Policy</td>
<td>2 x permanent EL1.</td>
</tr>
<tr>
<td></td>
<td>1 x permanent EL2.</td>
</tr>
<tr>
<td>Directorate Operations</td>
<td>1 x permanent COL, 1 x permanent EL1.</td>
</tr>
<tr>
<td>Military Public Affairs</td>
<td>2 x part-time Reserve LTCOL, 4 x part-time Reserve MAJ, 2 x permanent CAPT,</td>
</tr>
<tr>
<td>Preparedness, Plans and Training</td>
<td>9 x part-time Reserve CAPT, 5 x part-time Reserve LT.</td>
</tr>
<tr>
<td></td>
<td>1 x permanent LTCOL (E).</td>
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<tr>
<td></td>
<td>1 x permanent LTCOL (E).</td>
</tr>
<tr>
<td></td>
<td>2 x part-time Reserve LTCOL, 6 x part-time Reserve MAJ, 15 x part-time Reserve CAPT,</td>
</tr>
<tr>
<td></td>
<td>1 x part-time Reserve LT, 2 x part-time Reserve SGT, 3 x part-</td>
</tr>
</tbody>
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QUESTIONS ON NOTICE
**QUESTIONS ON NOTICE**

<table>
<thead>
<tr>
<th>Section</th>
<th>Staffing as at 30 June 2011</th>
<th>Unfilled positions</th>
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</thead>
<tbody>
<tr>
<td><strong>1st Joint Public Affairs Unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 x permanent MAJ, 2 x permanent Reserve CFTS LEUT, 2 x permanent CAPT, 2 x permanent FLTLT, 4 x permanent LT, 2 x permanent WO2, 1 x permanent PO, 5 x permanent SGT, 1 x permanent LS, 7 x permanent CPL, 1 x permanent AB, 1 x permanent LAC.</td>
<td>1 x permanent CAPT.</td>
</tr>
<tr>
<td><strong>Military Headquarters Support</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 x permanent MAJ, 1 x permanent LEUT, 1 x permanent Reserve CFTS LEUT, 2 x permanent CAPT, 2 x permanent LT.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 x permanent EL1 (Directorate of Plans &amp; Policy).</td>
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</tr>
<tr>
<td><strong>Extended leave/Maternity leave/Temp transfer to another Group</strong></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>1 x permanent WGCDR, 1 x part-time Reserve SGT, 1 x permanent APS4.</td>
<td>1 x permanent APS4, 1 x permanent PTE, 1 x part-time Reserve PTE.</td>
</tr>
</tbody>
</table>


**Employees in other groups and services who provided public affairs support as a part of their regular duties**

<table>
<thead>
<tr>
<th>Service/Group</th>
<th>Staffing as at 1 January 2011</th>
<th>Staffing as at 30 June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice Chief of the Defence Force</td>
<td>5 x permanent EL1, 1 x permanent MAJ, 1 x permanent APS 6, 1 x non-ongoing APS6, 1 x contractor</td>
<td>6 x permanent EL1, 2 x permanent APS 6</td>
</tr>
<tr>
<td>Army</td>
<td>2 x permanent APS6, 1 x permanent Major 1 x permanent CMDR, 1 x permanent LCDR, 1 x permanent part-time LCDR, 4 x permanent LEUT, 3 x permanent EL1, 1 x permanent APS6</td>
<td>3 x permanent APS 6, 1 x permanent CMDR, 3 x permanent LEUT, 1 x permanent PO, 1 x permanent EL1, 1 x permanent part time EL1, 2 x permanent APS6</td>
</tr>
<tr>
<td>Navy</td>
<td>1 x permanent SQNLDR, 2 x permanent APS6, 2 x permanent FLTLT, 1 x permanent EL1</td>
<td>1 x permanent EL1, 1 x permanent APS 4-5 (broadband), 1 x permanent APS 6, 3 x permanent FLTLT, 1 x permanent/part time FLTLT</td>
</tr>
<tr>
<td>Air Force</td>
<td>1 x permanent EL1, 1 x permanent APS6</td>
<td>1 x permanent EL1, 1 x permanent APS6</td>
</tr>
<tr>
<td>People Strategies and Policy</td>
<td>1 x permanent EL1, 1 x permanent APS5, 1 x permanent APS4</td>
<td>1 x permanent EL1, 1 x permanent APS5, 1 x permanent APS4</td>
</tr>
<tr>
<td>Intelligence and Security</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Between 1 January and 30 June 2011 Defence Housing Australia (DHA) had no staff members specifically responsible for the stated functions. DHA has a Marketing Communication Team, comprised of four staff members. The team is responsible for marketing communication and media campaigns to provide product and service information. There is relatively little day-to-day media interest in DHA’s activities, so an incidental proportion of the team’s time is involved in responding to media requests.

Defence: Freedom of Information
(Question Nos 773 to 775)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

1. How many FOI requests has the Department received?
2. How many have been granted or denied?
3. How many conclusive certificates have been issued in relation to FOI requests?

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator’s question:

1. During the period 1 January to 30 June 2011, Defence received 209 FOI requests and Defence Housing Authority (DHA) received six FOI requests.

2. 177 FOI requests were finalised by Defence between 1 January to 30 June 2011. The following table provides a breakdown of these requests:

<table>
<thead>
<tr>
<th>Section 15 requests Completed</th>
<th>Granted in full</th>
<th>Partial disclosure</th>
<th>Denied</th>
<th>Refused</th>
<th>Withdrawn</th>
<th>Transferred</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49</td>
<td>68</td>
<td>6</td>
<td>12</td>
<td>42</td>
<td>0</td>
<td>177</td>
</tr>
</tbody>
</table>

Key: CMDR: Commander, LCDR: Lieutenant Commander, LEUT: Lieutenant (Navy), SQNLDR: Squadron Leader, FLTLT: Flight Lieutenant
Section 48 requests Completed

<table>
<thead>
<tr>
<th>Granted in full – alter record</th>
<th>Granted in part – alter record</th>
<th>Granted – annotate record</th>
<th>Refused</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes

1. Where a document is identified and exempted in full, access to the document can be denied, with reference to the relevant exemption provisions of the FOI Act. During the period in question, three denials related to documents to which section 47F personal privacy provisions applied, one denial related to documents to which section 47G business affairs provisions applied, one denial related to documents to which section 42 legal privilege provisions applied and one denial related to documents to which section 33 national security provisions applied.

2. Section 24A of the FOI Act provides for requests for access to documents to be refused if the documents cannot be found or do not exist. Access may also be refused if the work involved in processing the request would substantially and unreasonably divert resources of an agency. For the period in question, all twelve refusals related to documents that did not exist or could not be found.

(2) Six FOI requests were finalised by DHA between 1 January to 30 June 2011. The following table provides a breakdown of these requests:

Section 15 requests Completed

<table>
<thead>
<tr>
<th>Granted in full</th>
<th>Partial disclosure</th>
<th>Denied</th>
<th>Refused</th>
<th>Withdrawn</th>
<th>Transferred</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

Section 48 requests Completed

<table>
<thead>
<tr>
<th>Granted in full – alter record</th>
<th>Granted in part – alter record</th>
<th>Granted – annotate record</th>
<th>Refused</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(3) You previously asked the same question under Senate Question on Notice No. 497 to 499 on 22 March 2011. The response provided to you remains extant.

Defence: Strategic Reform Program

(Question No. 782)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

With reference to the Strategic Reform Program:

(1) For the period 1 January to 30 June 2011:

(a) where specifically have the provisional savings of the forecasted $529 million have been made; and
(b) can 114 No. 39—6 July 2011 a detailed explanation be provided of where these savings have been realised;

(c) what one-off savings been made.

(2) For the period 1 July 2008 to 30 June 2011, what workforce savings, both in personnel reductions and dollar savings, per area as specified in the Budget Audit Review have resulted where the gap to average performance have been:

(a) improved and realized; and
(b) reduced to zero.
Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(1) (a) to (c) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of productivity, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

(2) (a) and (b) The "performance gaps" described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the

"direct applicability of broad benchmarks to the Defence environment (given its specific characteristics..."

The Report recommends that the "performance gaps" identified by the benchmarking exercise be regarded only as a guide to potential opportunities for savings costs across the functions examined, and not as firm targets to be implemented immediately. The

DBA Report advised Defence to perform

“detailed work on translating...potential opportunity [identified by the benchmarking exercise] to specific targets, as part of an implementation planning effort...”

Defence undertook the diagnostic work recommended in the Report. This exhaustive process led to the ten-year cost reduction targets under the various SRP streams (including those that capture HR, Non-equipment Procurement and ICT support functions) that were agreed by Government and have previously been published by Defence. Defence therefore reports against these more robust targets, rather than against the gaps (or potential opportunities) initially identified.

Defence is reporting bi-annually to government on progress towards agreed SRP outcomes, including the achievement of annual cost reductions. The achievement during first year of SRP implementation is detailed in the 2009-10 Defence Annual Report. Defence is due to report to Government on its SRP performance during 2010-11 in the second half of this year, following finalisation of its financial statements. Details on the achievement of 2010-11 cost reduction targets will be included in the 2010-11 Annual Report.

Defence notes that the Government has committed to a five-year rolling program of White Papers. As part of this process a new DBA will be commissioned to inform the development of the next paper. It is likely that this audit would re-consider the performance of support functions against appropriate benchmarks, and thus provide an update on improvements in Defence efficiency.

Defence: Strategic Reform Program

(Question No. 783)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011, what productivity improvement savings have been made by the department and by the Defence Materiel Organisation.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of productivity, one-offs or other descriptors. The
Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 785)

_Senator Johnston_ asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

(a) what specific productivity improvement savings of the forecasted $5.1 billion have been made in Smart Sustainment reform; and

(b) what one-off savings been made.

_Senator Chris Evans_: The Minister for Defence has provided the following answer to the honourable senator’s question:

Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of productivity, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 786)

_Senator Johnston_ asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

(a) what specific savings of the expected $4.4 billion over the period 2010 to 2019 have been made in the implementation of Smart Maintenance techniques; and

(b) what one-off savings been made.

_Senator Chris Evans_: The Minister for Defence has provided the following answer to the honourable senator’s question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of smart maintenance techniques, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

**Defence: Strategic Reform Program**

(Question No. 787)

_Senator Johnston_ asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

(a) what specific savings of the expected $700 million over the period 2010 to 2019 have been made in the optimising of inventory holdings and the introducing of more efficient management techniques; and (b) what one-off savings been made.
Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of optimising inventory holdings, introducing of more efficient management techniques, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

Defence: Strategic Reform Program
(Question No. 788)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

For the period 1 January to 30 June 2011:

(a) what specific savings of the expected $320 million over the period 2010 to 2019 have been made in Storage and Distribution (Logistics) Reform where the adoption of automated technologies and improved business practices ensure cost effectiveness and efficiency; and

(b) what one-off savings been made.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

(a) and (b) Strategic Reform Program (SRP) savings are tracked, reported and managed on a stream-by-stream basis, they are not broken up by sub-category of adoption of automated technologies, improved business practice, one-offs or other descriptors. The Strategic Reform Program (SRP) savings achieved per reform stream in the 2010-11 financial year are still being finalised. The Department will publish the stream cost reductions achieved under SRP in the Defence Annual Report which is expected to be released in late 2011.

Defence: Budget Audit Review
(Question No. 794)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

In regard to the levels of employment in the Human Resources area, if the Gap to Average Performance could be achieved, as identified in the Budget Audit Review, what yearly savings could be achieved since 2008-09 at each of the following levels: (a) below E-1; (b) at E-1 and E-2; (c) at SES 1; (d) at SES 2; and (e) at SES 3.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

These questions have already been answered in the Budget Estimates response on the Budget Audit Review asked in writing by Senator Johnston. The Minister's answer stated that,

The "performance gaps" described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the

"direct applicability of broad benchmarks to the Defence environment (given its specific characteristics...)"
The Report recommends that the "performance gaps" identified by the benchmarking exercise be regarded only as a guide to potential opportunities for savings costs across the functions examined, and not as firm targets to be implemented immediately. The DBA Report advised Defence to perform

"detailed work on translating...potential opportunity [identified by the benchmarking exercise] to specific targets, as part of an implementation planning effort..."

Defence undertook the diagnostic work recommended in the Report. This exhaustive process led to the ten-year cost reduction targets under the various SRP streams (including those that capture HR, Non-equipment Procurement and ICT support functions) that were agreed by Government and have previously been published by Defence. Defence therefore reports against these more robust targets, rather than against the gaps (or potential opportunities) initially identified.

Defence is reporting bi-annually to government on progress towards agreed SRP outcomes, including the achievement of annual cost reductions. The achievement during first year of SRP implementation is detailed in the 2009-10 Defence Annual Report. Defence is due to report to Government on its SRP performance during 2010-11 in the second half of this year, following finalisation of its financial statements. Details on the achievement of 2010-11 cost reduction targets will be included in the 2010-11 Annual Report.

Defence notes that the Government has committed to a five-year rolling program of White Papers. As part of this process a new DBA will be commissioned to inform the development of the next paper. It is likely that this audit would re-consider the performance of support functions against appropriate benchmarks, and thus provide an update on improvements in Defence efficiency.

Defence: Budget Audit Review
(Question No. 796)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

In regard to the levels of employment in the Human Resources area, if the Gap to Top Quartile Performance could be achieved, as identified in the Budget Audit Review, what yearly savings could be achieved since 2008-09 at each of the following levels: (a) below E-1; (b) at E-1 and E-2; (c) at SES 1; (d) at SES 2; and (e) at SES 3.

Senator Chris Evans: The Minister for Defence has provided the following answer to the honourable senator's question:

These questions have already been answered in the Budget Estimates response on the Budget Audit Review asked in writing by Senator Johnston. The Minister's answer stated that,

The "performance gaps" described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the

"direct applicability of broad benchmarks to the Defence environment (given its specific characteristics..."

The Report recommends that the "performance gaps" identified by the benchmarking exercise be regarded only as a guide to potential opportunities for savings costs across the functions examined, and not as firm targets to be implemented immediately. The DBA Report advised Defence to perform

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Defence undertook the diagnostic work recommended in the Report. This exhaustive process led to the ten-year cost reduction targets under the various SRP streams (including those that capture HR, Non-equipment Procurement and ICT support functions) that were agreed by Government and have previously been published by Defence. Defence therefore reports against these more robust targets, rather than against the gaps (or potential opportunities) initially identified.

Defence is reporting bi-annually to government on progress towards agreed SRP outcomes, including the achievement of annual cost reductions. The achievement during first year of SRP implementation is detailed in the 2009-10 Defence Annual Report. Defence is due to report to Government on its SRP performance during 2010-11 in the second half of this year, following finalisation of its financial statements. Details on the achievement of 2010-11 cost reduction targets will be included in the 2010-11 Annual Report.

Defence notes that the Government has committed to a five-year rolling program of White Papers. As part of this process a new DBA will be commissioned to inform the development of the next paper. It is likely that this audit would re-consider the performance of support functions against appropriate benchmarks, and thus provide an update on improvements in Defence efficiency.

**Defence: Budget Audit Review**

(Question No. 797)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

In regard to the levels of employment in the Human Resources area, in achieving the Gap to Top Quartile Performance, as identified in the Budget Audit Review, what yearly savings have been made since 2008-09 at each of the following levels:

(a) below E-1; (b) at E-1 and E-2; (c) at SES 1; (d) at SES 2; and (e) at SES 3.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

These questions have already been answered in the Budget Estimates response on the Budget Audit Review asked in writing by Senator Johnston. The Minister's answer stated that,

The "performance gaps" described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the "direct applicability of broad benchmarks to the Defence environment (given its specific characteristics..."

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Defence notes that the Government has committed to a five-year rolling program of White Papers. As part of this process a new DBA will be commissioned to inform the development of the next paper. It is likely that this audit would re-consider the performance of support functions against appropriate benchmarks, and thus provide an update on improvements in Defence efficiency.

**Defence: Budget Audit Review**

(Question No. 798)

**Senator Johnston** asked the Minister representing the Minister for Defence, upon notice, on 5 July 2011:

In regard to the Human Resources area, if the Gap to Average Performance could be achieved, as identified in the Budget Audit Review, what total savings could have been achieved since 2008-09.

**Senator Chris Evans:** The Minister for Defence has provided the following answer to the honourable senator's question:

These questions have already been answered in the Budget Estimates response on the Budget Audit Review asked in writing by Senator Johnston. The Minister's answer stated that,

The "performance gaps" described in sections 7.3 and 7.4 of the 2008 Defence Budget Audit (DBA) Report are based on a comparison of the delivery of Defence enterprise support functions against a database compiled by McKinsey and Company (which is based on employee data for more than 500 international organisations across a range of industries and locations). The authors of the Report note that the methodology is subject to significant limitations to the

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The Report recommends that the "performance gaps" identified by the benchmarking exercise be regarded only as a guide to potential opportunities for savings costs across the functions examined, and not as firm targets to be implemented immediately. The DBA Report advised Defence to perform

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