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SITTING DAYS—2015

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FORTY-FOURTH PARLIAMENT
FIRST SESSION—SEVENTH PERIOD

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

Senate Office holders
President—Senator Hon. Stephen Parry
Deputy President and Chair of Committees—Senator Gavin Mark Marshall
Temporary Chairs of Committees—Senators Christopher John Back, Cory Bernardi, Sam Dastyari, Sean Edwards, Alexander McEachian Gallacher, Susan Lines, Deborah Mary O'Neill, Nova Maree Peris OAM, Dean Anthony Smith, Zdenko Matthew Seselja, Glenn Sterle, Peter Stuart Whish-Wilson and John Reginald Williams
Leader of the Government in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Government in the Senate—Senator Hon. George Henry Brandis QC
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Stephen Conroy
Manager of Government Business in the Senate—Senator Hon. Mitchell Peter Fifield
Manager of Opposition Business in the Senate—Senator Claire Moore

Senate Party Leaders and Whips
Leader of the Liberal Party in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party in the Senate—Senator Hon. George Henry Brandis QC
Leader of The Nationals in the Senate—Senator Hon. Nigel Scullion
Deputy Leader of The Nationals in the Senate—Senator Hon. Fiona Nash
Leader of the Opposition in the Senate—Senator Hon. Penny Wong
Deputy Leader of the Opposition in the Senate—Senator Hon. Stephen Conroy
Leader of the Australian Greens—Senator Richard Di Natale
Co-deputy Leaders of the Australian Greens in the Senate—Senator Scott Ludlam and Senator Larissa Joy Waters
Chief Government Whip—Senator David Christopher Bushby
Deputy Government Whips—Senators David Julian Fawcett and Anne Sowerby Ruston
The Nationals Whip—Senator Barry James O'Sullivan
Chief Opposition Whip—Senator Anne McEwen
Deputy Opposition Whips—Senators Catryna Louise Bilyk and Anne Elizabeth Urquhart
Australian Greens Whip—Senator Rachel Siewert

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

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

(2) Chosen by the Parliament of New South Wales to fill a casual vacancy (vice J Faulkner), pursuant to section 15 of the Constitution.

(3) Chosen by the Australian Capital Territory Legislative Assembly to fill a casual vacancy (vice K. Lundy), pursuant to section 15 of the Constitution.

(4) Chosen by the Parliament of Queensland to fill a casual vacancy (vice B. Mason), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**

AG—Australian Greens; ALP—Australian Labor Party;
AMEP—Australian Motoring Enthusiast Party; CLP—Country Liberal Party;
FFP—Family First Party; IND—Independent, LDP—Liberal Democratic Party;
LNP—Liberal National Party; LP—Liberal Party of Australia;
NATS—The Nationals; PUP—Palmer United Party
Heads of Parliamentary Departments
Clerk of the Senate—R Laing
Clerk of the House of Representatives—D Elder
Acting Secretary, Department of Parliamentary Services—D Heriot
Parliamentary Budget Officer—P Bowen
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<tr>
<td><strong>Prime Minister</strong></td>
<td>Hon. Tony Abbott MP</td>
</tr>
<tr>
<td><strong>Minister for Indigenous Affairs</strong></td>
<td>Senator the Hon. Nigel Scullion</td>
</tr>
<tr>
<td><strong>Minister Assisting the Prime Minister for the Public Service</strong></td>
<td>Senator the Hon. Eric Abetz</td>
</tr>
<tr>
<td><strong>Minister Assisting the Prime Minister on Counter-Terrorism</strong></td>
<td>Hon Michael Keenan MP</td>
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<tr>
<td><strong>Minister Assisting the Prime Minister for Women</strong></td>
<td>Senator the Hon. Michaelia Cash</td>
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<tr>
<td><strong>Parliamentary Secretary to the Prime Minister</strong></td>
<td>Hon. Charles Porter MP</td>
</tr>
<tr>
<td><strong>Parliamentary Secretary to the Prime Minister</strong></td>
<td>Hon. Alan Tudge MP</td>
</tr>
<tr>
<td><strong>Minister for Infrastructure and Regional Development</strong></td>
<td>Hon. Warren Truss MP</td>
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<tr>
<td><em>(Deputy Prime Minister)</em></td>
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<tr>
<td>Assistant Minister for Infrastructure and Regional Development</td>
<td>Hon. Jamie Briggs MP</td>
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<tr>
<td><strong>Minister for Foreign Affairs</strong></td>
<td>Hon. Julie Bishop MP</td>
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<tr>
<td><strong>Minister for Trade and Investment</strong></td>
<td>Hon. Andrew Robb AO MP</td>
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<tr>
<td><strong>Parliamentary Secretary to the Minister for Foreign Affairs</strong></td>
<td>Hon. Steven Ciobo MP</td>
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<tr>
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<tr>
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<tr>
<td><em>(Leader of the Government in the Senate)</em></td>
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<tr>
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<td><strong>Minister for the Arts</strong></td>
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<tr>
<td><em>(Vice-President of the Executive Council)</em></td>
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<td><strong>Treasurer</strong></td>
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<td><strong>Minister for Small Business</strong></td>
<td>Hon. Bruce Billson MP</td>
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<td>Assistant Treasurer</td>
<td>Hon. Joshua Frydenberg MP</td>
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<td><strong>Parliamentary Secretary to the Treasurer</strong></td>
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<tr>
<td>Minister Assisting the Prime Minister for the Centenary of ANZAC</td>
<td>Senator the Hon. Michael Ronaldson</td>
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<tr>
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<td>Hon. Stuart Robert MP</td>
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<tr>
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Thursday, 13 August 2015

The PRESIDENT (Senator the Hon. Stephen Parry) took the chair at 9:30, read prayers and made an acknowledgement of country.

DOCUMENTS

Tabling

The Clerk: Documents are tabled pursuant to statute. Details will be recorded in the Journals of the Senate and on the Dynamic Red.

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

COMMITTEES

Legal and Constitutional Affairs Legislation Committee

Legal and Constitutional Affairs References Committee

Select Committee on the Murray-Darling Basin Plan

Rural and Regional Affairs and Transport Legislation Committee

Meeting

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

Legal and Constitutional Affairs Legislation Committee—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 3.35 pm, for the committee’s inquiry into the Australian Small Business and Family Enterprise Ombudsman Bill 2015 and related bill.

Legal and Constitutional Affairs References Committee—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 3.40 pm, for the committee’s inquiry into arts programs and funding.

Select Committee on the Murray-Darling Basin Plan—private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate today, from 10 am.

Rural and Regional Affairs and Transport Legislation Committee—public meeting during the sitting of the Senate on Tuesday, 18 August 2015, from 5 pm, to take evidence for the committee’s inquiry into the performance of Airservices Australia.

The PRESIDENT (09:31): I remind senators that the question may be put on any proposal at the request of any senator.

BILLS

National Integrity Commission Bill 2013

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator DI NATALE (Victoria—Leader of the Australian Greens) (09:32): I rise today to speak in support of the National Integrity Commission Bill 2013. This is the third straight time that the parliament has had the opportunity to consider this bill. I am the third leader of the Australian Greens to put this bill before the Australian parliament. I do so at a time when
there is a tremendous public appetite for reform in the area of politicians' entitlements and an appetite for reform around the issue of corruption more generally.

This legislation would establish a National Integrity Commission, which is, effectively, a corruption and standards watchdog. The National Integrity Commission would have three arms. It would have a National Integrity Commissioner, who would be responsible for the investigation and prevention of misconduct and corruption in all Commonwealth departments and agencies, and amongst federal parliamentarians and their staff. As its second arm, it would have a watchdog that ensures that law enforcement has some independent oversight—so it would be responsible for the investigation and prevention of corruption in the Australian Federal Police and the Australian Crime Commission. Finally, and perhaps most germane to the issue of the day, it would also consist of an independent parliamentary adviser—that is, an adviser who would provide independent advice to ministers and parliamentarians on conduct, ethical matters and on the appropriate use of their parliamentary entitlements.

So, this legislation seeks to expose corruption—not just corrupt behaviour but also behaviour that is completely inconsistent with the standards demanded of us by the Australian community. It would not just police and expose that corruption but would play a very important preventative role as well. Through both the function of advising MPs around the use of their entitlements and other related issues, and the function of investigating cases where corrupt conduct is foreseeable, it would provide for much more proactive findings in addressing issues of corruption.

Turning to the independent parliamentary adviser, its role would in effect be that of an independent umpire that has the ability to make judgements around the appropriate use of parliamentary entitlements. This is a very important issue—it is an issue that obviously has come to public attention in recent weeks because of the level of abuse that exists around the issue of parliamentary entitlements. People have never held politicians in lower esteem than they do at the current time, and it is in part because of some people in this place seeking to use their entitlements—those that allow us to do our job—in a way that furthers their own personal self-interest. We have seen people claim family holidays as work expenses, and we have seen people travelling to weddings, rock concerts and so on and claim these as professional business expenses. We had the spectacle of the former Speaker of the House travelling by helicopter to do a trip that I do very regularly by car. One has to wonder about how someone can come to a view that that gross excess is acceptable. After having done this trip regularly myself, I believe she was also guilty of gross stupidity, because I suspect she would have travelled there faster had she driven there rather than taken the time to board a publicly funded helicopter.

The issue here is this: collectively, hundreds of thousands of taxpayer dollars are being spent in areas that are simply not consistent with what we would all accept is good practice, and at a time when the Treasurer tells us that the age of entitlement is over, that we are facing a budget emergency, and that we need to tighten our belts. What message does it send to the Australian community that we here, as opinion leaders, are prepared to engage in those gross excesses?

It is hypocrisy of the greatest order, and it is why we need to have an independent umpire make judgements on whether something is a legitimate business expense.
One of the areas, I think, that most of us will agree on is that there is a large area of grey when it comes to deciding what is a work expense and what should be classified as something that is a claimable or reimbursable expense—for example, as a portfolio holder in the area of health and as somebody who until recently was not a government minister, being asked to open a conference interstate. Was that something which I was entitled to claim as a professional business expense? There are areas of grey in that. What if the trip included a meeting with a candidate for office from my political party? What proportion of the trip should be claimable? All of those are areas that I think we need some advice on. That is why an independent umpire will take the discretion out of the hands of politicians, many of whom have shown they cannot be trusted, but would also put some clarity around some areas where there are legitimate debates about whether they should be classed as reimbursable expenses.

So here we have an opportunity to do something in a way that ensures that we actually get some movement on this issue. Instead, what we saw from the government was a classic political response, right out of the Yes Minister handbook. When you are in trouble, when there is a lot of public pressure on you as a government and you do not want to act, what do you do? Call for a review or an inquiry. That is what you do: you call for a review or an inquiry. So now we have the fifth review in a short space of time into parliamentary entitlements. We had the Belcher review, where we had recommendations, many of which still have not been acted upon; we had the Williams review; and we have had two Auditor-General reports. Of course, in an effort to shift this from the front pages of the newspapers, we ensure that there is yet another review into parliamentary entitlements.

I note that the panel composition does not include any member or former member from the crossbenches. There are a number of former Green MPs, former Democrat MPs and indeed other former crossbenchers who are no longer in this place and who would have been able to make a valuable contribution to this issue. Instead, we see both the Labor Party and the Liberal Party represented on this panel, and of course what we will see is weak recommendations—a ploy to ensure that we do not talk about it until the review hands down its findings, and hopefully by that time the issue will have left public consciousness. It is classic distraction tactics. I implore the Prime Minister, if he is going to go ahead with this review, that there be representation from the crossbenches, including from the Greens.

The office of independent parliamentary adviser would ensure that there would be a legally binding code of conduct for all MPs to sign up to. That would ensure that we are very clear about what is expected of us, and then we would ensure that that independent umpire would offer impartial and consistent advice to MPs on what they can and cannot claim.

It is my view that the issue of parliamentary entitlements goes to something much, much deeper. I think it goes to a complete disengagement and disillusionment with the current political discourse in this place. It reflects an anger at the level of political debate that we have here and at the very negative and adversarial partisan politics that have come to dominate the current parliament. I think we have a unique opportunity to go some way to address that, to ensure that the work that we do in this place is made easier, not harder, because the community understand that we are acting in their interests and not in our own interests. There are other things that we should do that are not, of course, the substance of this bill. I think the method for the election of the parliamentary Speaker, and indeed the President of the Senate, needs to be reviewed. We need to make some significant changes to our standing orders,
including the way we engage in question time, and there are much broader issues around issues like political donation.

Let me come to the other arms of this bill, because this bill is not simply about workplace expenses, as important as that issue is, but about the issue of corruption more generally. We have in every state in Australia some version of an anticorruption commission, and yet here in the federal parliament we have nothing. There is a view that somehow we are immune to the sorts of corruption scandals that have engulfed state governments. Let me run through some of those, because corruption at a state level has been clearly identified and established, and individuals have been prosecuted.

Only recently, in South Australia we saw the chief executive of a state government agency charged with two counts of abusing public office. In Victoria, my home state, we have an education department financial manager who funnelled $2.5 million from schools into his pocket and the pockets of his relatives and other departmental officials. Some of the money was spent on overseas trips, on lavish parties and so on. Last month, IBAC, Victoria's version of the anticorruption commission, charged nine people, including two mid-level public servants, with allegedly funneling $25 million from Victoria's public transport department into a range of family-linked businesses over seven years. How was that money spent? On real estate, luxury goods, jet skis and a grand piano. We now have IBAC turning its attention to revelations of a fraud worth up to $1 million involving the botched school computer system. There are now growing calls in Victoria for the powers of IBAC to be ramped up because of what we have seen exposed.

I am not going to go into the now infamous revelations that have occurred in New South Wales around ICAC—their anticorruption commission—but it is fair to say that the corrupt activity engaged in by former state Labor ministers Eddie Obeid and Ian Macdonald, along with the exposure of illegal donations from property developers to a number of state Liberal MPs, is now legendary. The question is this: does anyone think that that behaviour is limited to state parliaments, that it does not cross state boundaries, that somehow the Australian parliament is immune? Yet here we are with the federal parliament being the only jurisdiction left unchecked against the very real threat of internal corruption and maladministration across the Public Service and, indeed, our law enforcement agencies.

It is absolutely clear that, given the widespread and established corruption charges that have been dealt with at a state level, we need, as a matter of urgency, a federal anticorruption watchdog. Counsel assisting the New South Wales ICAC, Geoffrey Watson QC, said:

I have seen things that show that federal politicians are not immune from temptation. Information that was gathered by the New South Wales corruption body left him 'convinced of the need for a federal ICAC'.

Transparency International is the organisation charged with exposing corruption wherever it occurs. Transparency International director Neville Tiffen stated that it 'is almost unbelievable that the Commonwealth does not have an ICAC'. He went on to say:

Detractors say that there is no need for a federal ICAC because there is no evidence that corruption exists at the federal level. This is a nonsense. They must believe behaviour changes as you board a plane for Canberra. Without a federal ICAC, we simply do not know the level of corruption that exists ...
If you do not look for it, you will not find it. If anything that the recent scandal around parliamentary entitlements shows us it is that there is behaviour that is unacceptable and that, in some cases, it will border on corruption if we do not have the structures in place to expose it. If you do not look, you will not find it.

Transparency International has also criticised Australian law for its low and ineffective penalties that punish corrupt behaviour. A report in 2009 highlights that Australia made little or no effort to enforce the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. We have a very poor record when it comes to stamping out corruption in all of its guises. As recently as late last year, Transparency International released a report that said that Australia had dropped for the second consecutive year in its annual rankings in the corruption perceptions index, slipping outside of the top 10 nations. When it comes to comparing ourselves to some low-income countries, of course we do better, but is that where we want to set the benchmark? Of course we do not. We are now slipping outside of the top 10 nations when it comes to transparency. Let's be clear: corruption is a cancer. It impacts all levels of community life and it is a drag on business. We need to ensure that we stamp it out wherever it occurs and whatever guises it occurs in. So, we are slipping in global standing and we are slipping in the standards that the Australian people expect from us as parliamentarians, and the recent scandal surrounding parliamentary entitlements is symptomatic of something much broader. Who is to say that, if we were to look a little deeper, we would not find not just abuses of parliamentary entitlements but broad and wide-ranging corruption within all levels of our parliamentary agencies? That is why we so desperately need this bill to pass.

The review into entitlements is a small step forward—the concern, of course, being that it is simply to create the illusion of action when both sides of politics are committed to inaction—but it is nowhere near enough. We need much more. We need a federal anticorruption watchdog. We need an independent body that has the powers to hold all Commonwealth agencies, all departments and all federal parliamentarians and their staff to high standards of transparency. We can and should do better. We need to ensure that we have powers to provide oversight to our law enforcement agencies to prevent corruption within the AFP and within the Australian Crime Commission. We need an independent umpire to provide advice to ministers and parliamentarians on conduct and ethics and on the appropriate use of parliamentary entitlements. We can have these reforms right now. We do not have to wait until the fifth review into parliamentary entitlements is conducted. We could act now. If we had a government and an opposition who were prepared to support this bill, we could show that we are committed to ending corruption in all of its forms and to ensuring that parliamentary expenses are used as intended—that is, for parliamentary business.

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (09:51): I rise to speak on this private members bill from the Greens, which I notice has been before this place on a couple of occasions previously and has been brought up again here. Judging by the fact that more than half of the speech by the leader of the Greens was around the current controversy about how members of parliament use the resources that are given to them to fulfil their jobs, clearly there is a fair bit of political expediency in them bringing this forward again. However, I will not address that but will look more broadly at the concept of a federal ICAC and will articulate some of the structures that are in place federally that have meant that
the federal government and its departments have not suffered some of the same issues that we have seen in some of the state jurisdictions that have been mentioned. I will also talk a little bit about the efficacy of some of the state ICAC bodies, some of the controversies around them and some of the principles that underpin effective management of risk. At the end of the day, that is what we are talking about here: we are talking about the risk of corruption, which involves individuals seeking to make personal gain or to change outcomes in contravention of expectations, guidelines or laws.

From the Commonwealth's perspective, this government—in fact, governments of both persuasions—have over many years put in place measures that demonstrate a zero tolerance approach to corruption. Certainly the coalition is committed to stamping out corruption in all its forms. Australia traditionally has been recognised as being in the top 10 nations in terms of transparency and lack of corruption. And whilst the leader of the Greens mentioned that Australia had slipped outside of the top 10, he did not mention the difference in terms of scores. I think generally we were getting about 81 points, and we got about 80, which is a very small change in the assessment—just a couple of places in a list of 175. It is not as though Australia is taking a nosedive and is on a path indicating that we have tremendous problems. We sit very comfortably with comparative nations, such as the UK and the US, with which we would expect to be on par in terms of the transparency and efficacy of our systems. Whilst it is important that we are cognisant of how other people see us and how we are rated, the way it was portrayed indicated a far worse situation than is actually the case.

The Australian government, at a federal level, has a multi-agency approach to combating corruption, looking at ways to enable people to expose information. At the end of the day, even the state based ICACs can act only when information is provided to them. That will generally occur in one of two ways. Either somebody will provide the information, having seen something happening that is wrong and contacting a government official or the media or in some way providing that information, or the government will find the information itself through its own fraud control processes, which is why we have audit offices, from a whole-of-government perspective, and why individual departments have internal audits and investigatory powers to make sure we find out on a routine basis how taxpayers' money is spent and the basis of decisions made.

The element that also comes into the federal government's approach is one of risk mitigation. That is not only about planning, in terms of putting in the provisions for audit and the provisions for whistleblower schemes, but also, importantly, a lot of emphasis is placed on training staff to be aware of fraud and corruption, to the point where—certainly in my experience, having spent over 20 years in the Defence department—there is mandatory training, not only when you first join the organisation but on a recurrent basis, about what kind of conduct is fraudulent and what kind of conduct is ethical. That is the basis for shaping culture, not only the actions of individuals but also a culture whereby people will recognise fraud. With the mechanisms in place to allow them to report, we will see outcomes whereby they are held to account if fraudulent or corrupt behaviour has occurred.

So, we also have various oversight bodies. Again, the leader of the Greens said he was concerned about our law enforcement agencies. The Australian Commission for Law Enforcement Integrity is responsible for preventing, detecting and investigating serious issues of corruption in federal law enforcement agencies, so we have actually already established
bodies whose role it is to have oversight of our law enforcement agencies to check that their conduct is ethical, even those that are more secretive—groups like ASIO and ASIS. One of the roles I am privileged to hold here in the parliament is being a member of the Parliamentary Joint Committee on Intelligence and Security. That committee has an oversight function for agencies such as ASIO and ASIS. But, importantly, we also interact and have regular briefings with IGIS, the Inspector-General of Intelligence and Security. The role of IGIS is to have unfettered access, even to all the things that are classified and secure, so that there is an independent watchdog that is watching over how those agencies operate, from their conduct of operations through to the way they conduct business. One of the roles of the committee is to further look at the agencies' expenditure and to query them on decisions they have made about how that works. So, even with our most secretive agencies, the federal government has systems in place whereby we have watchdogs at a very high policy level for the parliament, moving down to people who have very detailed access to the organisation.

More broadly, ANAO—the audit office—also conducts audits. The way they go about that and the fact that they interact with so many people at the working level—they look at decision trains and understand who was involved—means there is ample opportunity for people who have concerns about how decisions are made and why they were made to flag those concerns to people who are asking probing questions about the process so they can identify whether something has gone wrong with that.

In July last year the government also established the Fraud and Anti-Corruption Centre, located in the Australian Federal Police headquarters. Alongside the Ombudsman, alongside ANAO doing their audit and alongside departments doing their internal audits, this centre brings together the Australian Taxation Office, the Australian Securities and Investments Commission, the Australian Crime Commission, the Department of Human Services, the Department of Foreign Affairs and Trade and the Department of Immigration and Border Protection to assess, prioritise and respond to serious fraud and corruption measures.

Again, this government's approach is to say that we need to plan to educate people and to put in place reporting measures where people can whistle-blow or report. We need to put in place measures for investigating and making findings. Importantly, this group will maintain a coordinated specialist cell that will collect, analyse and disseminate data from Commonwealth agencies. By engaging with local intelligence initiatives and working with financial intelligence agencies, they can assess, prioritise and respond to those fraud and corruption matters. The ability to have that data means that they can mine that data to expose things that do not look right. That is the starting point to provide evidence of the fact that some corrupt behaviour or fraud has occurred.

The government is committed to tackling corruption in all forms. That is why we have instituted things like the royal commission into corruption within the union movement. We have seen many examples come to light through that. One of the reasons we have had that external body is that there have not been the internal controls over those movements, so we have seen corrupt behaviour come out. There have been some quite gross examples of corruption within that area. The reason is that there is not that internal control. That is the difference with the federal government—that there are the internal controls over what we do.

Defence, as I said, is my background, and I think it is instructive to look at how the Department of Defence handles this. Having sat through many Senate estimates hearings and
having been on inquiries of the Committees on Foreign Affairs Defence and Trade into Defence's conduct, I know that there have been criticisms in the past of Defence's internal investigatory service. But one of the things that Defence does do, like other departments, is that it has an evolving process of improving fraud control. Particularly as we start getting more whole-of-government processes and integration, we see those measures lifting in their efficacy. In terms of fraud control, Defence now consults with the Australian National Audit Office and, in consultation, they have strengthened their control framework for fraud to align with the Commonwealth's fraud control guidelines. At the beginning of 2013 Defence conducted a fairly robust internal and external assessment of the strategic, operational and tactical level fraud risks within the department. That then developed into their Defence Fraud Control Plan, which looked at the measures that Defence would take to prevent, detect and respond to fraud.

If we step through that, I think the prevention side is important. The prevention side means that there is ethics and fraud awareness training that people need to do, as I said, on an initial basis and then on a recurrent basis so that they know what their own conduct should be. That is the personal responsibility element. But it also sets a benchmark that they can use to evaluate aberrant behaviour that they see around them. There is also the internal auditing. Defence has its own internal audit branch. Its role is to provide assurance to the secretary and the CDF that the financial and operational controls that have been put in place to manage Defence's major risks are operating in an efficient and effective manner. That audit branch provides an important function reporting up, but also working with managers at different levels to make sure that they have their own management and reporting systems in place. There is an audit work program that is developed with the various group heads and service chiefs to make sure that there is visibility and transparency across the risks over the organisation. In the last Defence annual report, you can see that a total of 32 audit reports were done internally within Defence in addition to six Australian National Audit Office reports. So we see that at a federal level we have these structures in place to give great transparency. Resulting from that there were some 333 fraud investigations registered in the last Defence annual report. A total of 358 investigations were completed—some of those had come over from previous years—and about 19 per cent of those completed investigations resulted in criminal, disciplinary or administrative action. That is just one example from the Department of Defence where we see those measures in place.

Importantly, from a whole-of-government perspective, one of the things that is apparent, as you can see from looking at the ICACs in state jurisdictions, is that they need a starting point. That starting point is often somebody who has witnessed behaviour that is not appropriate or ethical and has raised a flag. So from January last year all current and former public officials who wish to speak up about wrongdoing or maladministration in the Commonwealth public sector can do so under the Public Interest Disclosure Act. This legislation replaces all of the previous whistleblower legislation and provides a transparent process within agencies and government departments for investigating complaints. Under this act, a public official includes all current or former people who have worked for the Commonwealth. In the case of Defence, that would be the Australian Defence Force members, Australian Public Service employees, contracted service providers and statutory officers. Anything that they provide by way of disclosure alleging wrongdoing or maladministration will be called a public interest disclosure. The aim of this act is to promote integrity and accountability within the
Commonwealth public sector. It encourages public officials to disclose wrongdoing and maladministration. Importantly, it provides protection from any adverse consequences of making a disclosure and it ensures that disclosures are properly managed and investigated by agencies.

Those conducts are conduct by an agency or by a public official that contravenes a law of the Commonwealth or of a state or territory, relates to corruption, is an abuse of public trust or office or is a deception relating to scientific research; or decisions that result in wastage of public money or property or unreasonably result in danger or increase the risk of danger to the health or safety of people. So it is quite a broad remit there. But coming back to that principle, alongside the audit programs that we have put in place, the Commonwealth has put in place a framework that encourages, enables and protects people who wish to highlight that unethical conduct has occurred. These protections are for people who make or intend to make a public interest disclosure. This protects their identity and provides immunity from criminal or civil liability, including disciplinary action, for making that disclosure.

Whilst the concern about corruption is valid, you can look at the state jurisdictions and see that there have been mixed results in terms of the efficacy of their measures. We saw the controversy in New South Wales just recently where the ICAC took measures that the High Court has struck down, saying they did not have jurisdiction. We saw people who have been investigated and whose careers have been put on hold, or ruined in some cases, yet there has been no definitive finding of guilt. So there have been mixed results in those jurisdictions. But the Commonwealth is saying, 'We're going to take the key element, which is bringing to light misconduct. We're going to prevent this misconduct where we can through training and culture. But we recognise human behaviour is what it is, so we'll put in place the audit processes, we'll put in place the processes whereby people can report without fear or favour, and then we will take action where required.'

The Leader of the Greens mentioned corruption overseas. In the media just recently we have seen that Australia has launched an investigation into foreign bribery allegations against an Australian construction company. In a range of fields the federal government takes action through existing, improving and evolving measures to make sure that we have transparency. In this way Australian citizens can have confidence that the decision-making and administrative processes of the federal government have suitable checks and balances to make sure that its behaviour and decision making is fair, equitable and transparent.

Senator LUDWIG (Queensland) (10:09): I rise to speak on the National Integrity Commission Bill 2013. This bill seeks to establish a National Integrity Commission—better known, as the Greens would call it, as an ICAC—as an independent statutory agency consisting of a National Integrity Commissioner, a Law Enforcement Integrity Commissioner and an Independent Parliamentary Advisor. It is an appealing concept to have a National Integrity Commissioner in one place. It would have appealed to me earlier in the course of my parliamentary career. But I came to the view long before now that putting all of your eggs into one basket is not necessarily the best outcome.

From what I have read and seen over time of writings from persons in the field of integrity, such as Charles Stanford and AJ Brown, if you are going to address systemic corruption within a federal body such as the Commonwealth, then a latticework of integrity agencies which are interconnected, working diligently and cooperatively is a far better model. The
model that the Commonwealth has currently is not perfect. It always needs vigilance. It always needs to be at its best. But what the Greens are proposing, I think, an outdated model, one that would weaken the latticework of protections that we currently have, and it would ensure that ultimately you would not have integrity. You would find that you would have a weakened model. What we currently do—and what they say would be the role of the commission—is oversee the functions for the investigation and prevention of misconduct and corruption within all Commonwealth departments and agencies, including the Australian Federal Police and the Australian Crime Commission. What is proposed would also—

An honourable senator interjecting—

Senator LUDWIG: You will get your chance. The Greens always get excited about any criticism, but I will get to a little more criticism that they may want to respond to in their submission. What is proposed would cut across work that is already being done by other agencies. Do you create a new agency that cuts across existing agencies’ work? Do you have a duplication? Do you have unnecessary investigation being run in parallel while the Commonwealth Ombudsman does his job and while the various functions that oversee our Federal Police do their jobs? Do we have intercommission fights about who should take the lead in respect of a particular investigation? Of course, the short answer is that it may all be sorted out in the wash, but whilst that is occurring you have inefficiencies, costs and impost. You also have confusion, and things may slip between the cracks.

While the current model that the Commonwealth has is not perfect, the efforts to improve this model are better than choosing to create an entirely new model. It would also be the role of the proposed commission to provide independent advice to ministers and parliamentarians on matters of appropriate conduct and parliamentary entitlements. The National Integrity Commission would have full investigative powers in relation to public officials and Commonwealth agencies. I think the jury is out on this matter more broadly, but is it appropriate to put parliamentary matters—that is, our pay and conditions—into the hands of a corruption watchdog body?

Or is it better to wait for the review to see how we can eliminate what the Greens also have recognised are the grey areas, ensure that the rules are clear and unambiguous, and thereby be able to have a proper person, body or whatever it might be to ensure that those issues are independently dealt with, rather than lumping it all into a National Integrity Commission? What the Greens would have is a National Integrity Commission which effectively has three functions in one. Again, you would have competition for resources within that agency itself. I do not think that is efficient or effective.

I think what the Greens have not cottoned on to is that there are several agencies which already exist with strong, effective investigative powers to promote integrity and accountability at the Commonwealth level. Labor did not support this bill when it was introduced on 20 September 2010 or when it was introduced in the House on 28 of May 2012. Adequate capacity and resources across existing integrity frameworks are, I think, far more important than the existence of a single oversight body. We already have a range of integrity mechanisms including the Australian Federal Police, the Commonwealth Director of Public Prosecutions, the Australian Crime Commission, the Australian Commission for Law Enforcement Integrity, the Australian National Audit Office, the Australian Public Service Commission, the Commonwealth Ombudsman, the Inspector-General of Intelligence and
Security and a few more that Senator Fawcett added into the mix as well. Plus, as Senator Fawcett was also alluding to, there has been a significant shift in the Public Service to ensure that they manage risk, identify risk and deal with issues of corruption within their own ranks. And I do not think that has been a small shift; I think it has been a seismic shift. It has also been a cultural shift within the Public Service more broadly. All of these agencies perform many of the functions, if not all of them, that would be performed by a stand-alone integrity and anticorruption commission. In fact I would go as far as suggest that having those interlinked would provide more security for the Commonwealth. However, these specialist agencies have expert knowledge that is likely to be lacking in a distant, more generic body. They are in all of those areas doing their job very close to the coalface rather than as a remote national body.

I remain unconvinced that a National Integrity Commission is necessary or desirable. In my view the range of arrangements we have in place at the Commonwealth level are adequate to combat misconduct and corruption. That does not mean they do not need more work. Looking at what the federal government is doing in respect of one of these areas, I think it is wrong for a range of reasons in transferring the FOI complaint-handling role from the Office of the Australian Information Commissioner to the Commonwealth Ombudsman. I think that is a weakening of that latticework I described. But the remedy is not to create a national body; the remedy is to ensure that you do have a strong and robust FOI-handling body and a strong OAIC to ensure that we do have the public release of information by the Commonwealth.

If you look at the work of the Greens—I will just turn to the Greens for a moment, which will excite them—you will see that their hypocrisy on the integrity and accountability matter is rife. I will share with the chamber just a couple of examples. On the matter of ethical standards, Senator Rhiannon, as I understand it, accused the then incoming foreign minister Bob Carr of lacking ethical standards, questioning his ability to make unbiased decisions in cabinet because of his previous work in the corporate world. This is not to pick on the former foreign minister, but some members of this chamber will recall that when Labor got into government in 2007 they adopted a revised standard of ministerial ethics, imposing the highest standard of ethical conduct that has ever been applied to federal ministers. Yet, as I understand it, the Greens are yet to adopt an ethical standards model, and I await the day when I see it. They do like to regularly trumpet their balance of power position in this house. If they do have that position then they should address it with appropriate ethical standards and adhere to them.

*Senator Di Natale interjecting—*

**Senator LUDWIG:** They want to talk about matters of political donations. Senator Rhiannon is on record as saying that business should be banned from making donations to political parties. But the Greens accepted $1.6 million from Graeme Wood, the founder of online travel company Wotif.com—the largest political donation in Australian history. If you are going to talk about national integrity you ought to make sure you have got your house in order. Senator Rhiannon was reported as apologising at the time after it emerged that she helped to ghostwrite an opinion article attacking her own party for accepting the huge donation. Be that as it may, the Greens are not a party that should be in the business of recommending reasonable reform when they are so clearly unfamiliar with it.
What needs to be realised is that agencies with strong investigative powers already promote accountability and integrity at the Commonwealth level.

The Australian Federal Police have all the necessary powers to investigate what may be considered as an offence under the Commonwealth law. The Law Enforcement Integrity Commissioner has powers to investigate corruption within government agencies with law enforcement functions. The Inspector-General of Intelligence and Security provides independent assurance for the Prime Minister, senior ministers and parliament as to whether Australia's intelligence and security agencies act legally and with propriety by inspecting, inquiring into and reporting on their activities.

The Auditor-General, as an independent officer of the parliament, may review or examine any aspect of the operations of the Commonwealth public sector. The Auditor is empowered to examine cabinet decisions and cabinet documents, and this goes to the very heart of government. So the ANAO is not locked out of examining any part of the Commonwealth: if you want to go back to various reports of the ANAO, they have not held back in examining aspects of the Commonwealth probity and accountability.

The Ombudsman has the power to investigate administrative actions of Commonwealth agencies. He does not have to wait for a complaint. The concept that is being promoted is that we need a body that can investigate; that can, without a complaint, go in and look and look and look until it finds something as the Greens would have us believe. We already have one: the Commonwealth Ombudsman does not have to wait for a complaint; he can conduct investigations at his own initiative.

The Ombudsman can investigate everything from minor complaints about the way an administrative decision affected an individual—for example, an application for Centrelink assistance being rejected. They can range from the very small, although important to the individual, to large complaints—for example, the operation of the entire immigration detention system. Breaches of the APS Code of Conduct by a public servant can be investigated by the relevant agency head. The Public Service Commissioner has a similar role with respect to agency heads.

The failings of the New South Wales ICAC are enough to convince this chamber that a federal equivalent is not desirable. In his days as Chief Justice of the New South Wales Supreme Court, Justice Gleeson overturned corruption findings against one of the watchdog's first scalps. In 2005 a requirement was inserted into the act after a review of ICAC to direct its focus 'as far as practicable' on 'serious and systemic corruption'. What was found, I think—and I am interpolating here—was that we had a body that had to find work, and it looked and looked and looked, as the Greens would have a national body do, until it could find something to justify its existence. That is not to say it was a bad body; that is what its job was. However, it was required to keep looking and it found many issues that were otherwise small and easily addressed but instead elevated them to serious and being worthy of investigation. I suspect along the way it ruined careers that should not have been ruined.

The requirement was inserted into the act following an independent review by Sydney silk Mr Bruce McClintock to ensure that the commission used its broad investigative and coercive powers to net big fish rather than small fry. Mr McClintock implied that much time had been wasted prosecuting cases that in no way met the test. In those cases there was a distinct lack of understanding of the commission's powers as demonstrated in the Cunneen case.

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CHAMBER
One of the problems when you invent a national body is that you end up very much in the same place. In a New South Wales Parliamentary Research Service paper, *ICAC v Cunneen: the power to investigate corrupt conduct*, it is worth reading the conclusion:

As discussed in the Research Service’s *Key Issues for the 56th Parliament*, the ICAC’s lead role in the drama of NSW politics has resulted in questions being asked of the Commission itself, including questions about ICAC’s procedures, with the damage done to high profile reputations. Criticism has also accompanied the Cunneen case and its aftermath. An editorial in *The Daily Telegraph* from 21 April 2015 commented:

So the blame entirely lies with ICAC itself for trying on a flimsy case and as a result losing much of its previous impressive reputation and a great deal of power besides.

The decision in ICAC v Cunneen presents an opportunity for a thorough reconsideration of the appropriate scope and nature of the Commission’s powers. What do we want ICAC to do on behalf of the people of NSW? What is its purpose?

Until the Greens can bring forward something that answers those two questions, it is way too early to start supporting a national integrity commission. I think there is an opportunity to continue—I do not criticise the Greens for putting it forward, because it is a matter that we should always remain vigilant about, particularly about how this government treats the integrity agencies to ensure that they are properly resourced and funded; that they do not tear one down; and that they do not change its operation so they can continue to act effectively. If the day were to come where the integrity agencies that currently exist were weakened to such an extent that they could not do their job any longer, then I may be persuaded at that point that a national body is in fact needed.

The issue of establishing a single anticorruption body that will replace presumably—or work alongside—so many specialist agencies is one I have serious concerns about. Ultimately, it is the judgement of the people in this instance which will tell us whether or not we should establish a national body. Most national bodies have usually been established with an event—something that is so bad that it does require a huge national response. I do not think we have that. We have the Greens seeking to promote a body for its own reasons, but I do not think it solves the problem of ensuring that we have a strong anticorruption framework in place.

**Senator WRIGHT** (South Australia) (10:29): I rise to speak on the Australian Greens National Integrity Commission Bill 2013, which was introduced by my colleague Senator Rhiannon. I acknowledge the hard and persistent work of Senator Rhiannon in fighting to establish transparency and accountability in our governance arrangements. This Greens bill is a significant part of that work.

Let us start by acknowledging the nature of one of the major problems we are confronting in this arena. Political donations have become an endemic part of our political culture. Year by year, government by government, we have seen the increasing importance and influence of those who would make donations to political parties. The terms 'big oil', 'big gas', 'big coal', 'big pharmaceutical', 'big retail', 'big agriculture', 'media barons', 'banking tycoons' and 'property developers' have become part of our everyday lexicon not because the corporations and individuals involved in these industries have merely been going about the day-to-day running of private sector businesses; they have earned these names and this familiarity because of the manipulation by some of these players of the most sacred of democratic values,
and that is the ability of those who are elected to a position of trust to govern and make decisions in the national interest and in the interests of the people who elect them. In my home state of South Australia, we have seen in recent times the pernicious influence of property developers bearing gifts in the form of political donations and the effects on the state planning process, which has resulted in decisions that have been manifestly not principled or based on good policy but, indeed, reflect the degree of generosity of those who have made those donations.

The fundamental and wonderful idea of a representative democracy is that elected representatives are ultimately accountable to the voters—to those people who put their trust and their faith in them by voting for them at an election—and that the decisions that those elected representatives make in the chambers of parliament reflect the will, the interests and the wellbeing of the electorate. Instead we have a system that is being increasingly skewed. Because of our system of political donations, third-party campaigns and media quid pro quos, we too often have a government that looks after the interests of the big end of town—those who actually have the influence, the power and the finances to assist them to stay in power—at the expense of everyday Australians who do not have those resources to influence decision making. Let us be absolutely clear: this problem is not limited to the current government. Political donations and excessive influence have been a blight on governments, both conservative and Labor, in the past. Therefore, although it would be easy to attribute the blame for the failings of previous governments and any failings of the current government to a simplistic view that they are due to a lack of moral backbone or some kind of sinister personalities; the truth is that the problem goes much deeper. We need a sophisticated and thoughtful solution to this, because it is systemic. It does in fact cost money and require resources to mount an election campaign to enable people to be elected to represent their constituencies in the parliament. Even the best and noblest of characters in our current political environment—and I believe that there are decent, good people in all political parties in this parliament—are caught up in a system that has perverse incentives to look for ways to raise the money and the resources that are needed to mount an election campaign. The ultimate dilemma is that political campaigns cost money and election-winning campaigns cost a lot of money.

Although the Greens have argued previously for a clear solution to this issue—that is, transparent, accountable public funding for election campaigns in order to reduce the influence and the necessity for special interests—this has consistently fallen on deaf ears in this parliament. Unless we can do away with the need to raise money from those who are wealthy and have influence, we are always going to have this issue about where the line is drawn. As an alternative or, indeed, an adjunct to that proposal, which is still very much the Greens' point of view, my colleague Senator Rhiannon and the Australian Greens are proposing this bill before the Senate today that would see the creation of a national integrity commission. Although the system of donations would continue in the absence of agreement that there be public funding for election campaigns, the national integrity commission—or what has been nicknamed the 'federal ICAC', independent commission against corruption—would provide the necessary scrutiny and oversight to ensure that our system of donations does not override the fundamental and important right of the Australian people to accountable government.
Importantly, we can look around and see the value of other independent commissions against corruption and what they have been able to achieve in the relatively short period of time in which they have been in existence in Australia. The NSW ICAC has been able to uncover property developers in cahoots with elected officials. No-one could argue that that was in the public interest. When you have nepotistic appointments to so-called independent bodies, you can be pretty sure that the person appointed will have riding instructions. There will be favours and there will be a loyalty involved after that appointment. We have seen donations from coal and gas companies that happened to coincide with the issuing of mining licences.

There is so much evidence of what occurs and then what is able to be revealed through the effective use of independent commissions against corruption. In New South Wales, for instance, this has led to an understandable disenchantment with the political class in that state. It was and is a necessary step towards the rehabilitation of our political culture, so that any representative parliamentarian can hold their head high and know that they are making principled, evidence-based, good, policy decisions in the national interest on behalf of the Australian electorate, the people who elect us.

The question remains: why are both the old parties against this bill that the Greens are proposing? Surely, the elimination of special interests and rent-seekers serves both the parliament and the Australian electorate. It would stop what is an endless race to the bottom, where the party who can sell out the most for private industry donations is the one with the most funds for campaigning. Nobody wins from this process. This bill would serve to level the playing field, so that even if the culture of donations did continue, all politicians could have the confidence that they can say no—and, in fact, would be well advised to say no to the more egregious requests from business and the deals that otherwise get done behind closed doors.

If all parties know that corruption, quid pro quos and the manipulation of impartial regulation will potentially come to light, will lead to penalties, will lead to media outrage and will lead to some of the consequences that we have seen recently in relation to the 'choppergate' scandal and the negative political consequences that accompany them, it would not be in the political interests of those persons to break the rules and the norms of ethical and good governance just because they have big donors asking them to do so.

This is not about blame; this is actually a proactive measure that the Australian Greens are introducing here today. It is not about blame; it is not about scapegoating; it is about looking forward. It is about fundamentally reforming our system to make it fair, to deal with the problem that we have identified—that is, the incentives in our current system to allow powerful interests with deep pockets to unduly influence the political decision-making that affects the Australian people in the way they go about living their lives. We want a system that is fair for the Australian people, that is fair for Australian politicians and, ultimately, in the interests of Australian business because Australian business also relies on the continued confidence of people in our political institutions in order to maintain the peaceful and prosperous conditions of their own success in a democracy like Australia.

When I was first elected to parliament, one of the things that struck me was the incredible trust voters placed in me when they voted for me, which resulted in me being in the Senate, when they put their mark on the ballot paper at the election. It is a trust where, if you unpack...
it, people would say that by choosing to vote for that particular person or that particular party there are certain expectations lying behind that, that that person or that party will rise above particular naked self-interest and try to make decisions, try to make changes, try to introduce and modify legislation in the greater interest—in the interest of at least those people who vote for them but, more broadly, in some ways in the national and long-term interest of Australian society. Increasingly, I think, there is a sense of scepticism among Australians and a sense of a loss of faith to some extent in the ethics of government and in the ethics of elected representatives. I find that very sad because, ultimately, that will erode respect for democracy.

The other thing that people perhaps are more concerned about now is understanding that the ability of sovereign governments to take long-term, broad views about what is indeed in the national interest has been undermined by the influence of very powerful interests. An example I would call on there is what happened when the former Rudd government attempted to introduce the mining tax in the interests of trying to recoup a fair share of Australia's mining resources for the benefit of all Australians and not so predominantly for the benefit of shareholders, who happen to be living in countries outside Australia. What we saw there was a concentrated and very, very powerful and incredibly well-resourced campaign from the mining interests to undermine the thrust of that legislation. There was a lot of commentary at the time about whether that heralded and highlighted the real difficulty for sovereign governments in nation-states to be able to take principled steps in the long-term national interest that would be in conflict with the short term but very powerful interests of corporations, which are often multinational corporations that have no allegiance and no loyalty to any particular nation-state. That question is still very much a live question.

It is a very sobering thought to think that perhaps if we do not do something to change the balance about powerful interests and the ability of elected representatives to govern in the genuine national interest, where will that leave us in the future, especially in this century when we are being beset by so many immediate and urgent challenges, which are almost existential? How are we going to survive, given many of the challenges and the human population challenge and the environmental challenges that we face?

I would like to come back to a particular example, a perhaps less widespread example, of where it was clear to me that a federal ICAC could change our political process for the better. That was an inquiry of the Legal and Constitutional Affairs References Committee into the work undertaken by the Australian Federal Police's Oil for Food Taskforce. I was the chair of the committee and it was a Greens' initiated inquiry. The inquiry, ultimately, looked at why it did not achieve the outcomes that a lot of people expected it might achieve in getting to the bottom of what happened in the oil-for-food scandal, which was atrocious in and of itself. But the investigations into that scandal failed to end up with anyone being held accountable and failed to properly untangle the structural problems at the root of it. The Senate inquiry should have been able to dissect exactly why the investigation into and actions against the Australian Wheat Board were so ineffectual in the end, but we were not able to do that.

The Australian Greens presented a minority report to that committee and in the oil-for-food scandal investigation report. We recommended that the Australian Commission for Law Enforcement Integrity launch a far-reaching inquiry into what we saw to be the structural failings in both the Australian Federal Police and the Australian Securities and Investments Commission in being able to prosecute wrongdoers in relation to the oil-for-food scandal. But
unfortunately, and perhaps unsurprisingly, the Australian Greens' recommendation in the minority report has not been taken up.

Ultimately on that committee we saw the major parties, the old parties, united to protect the Australian Federal Police and the Department of Foreign Affairs and Trade from the scrutiny that was required to get to the bottom of it. One can only speculate—in fact there was evidence put to that inquiry, and it is available for people to have a look at—that there were higher powers and higher interests involved that were being protected. It is important to note that the period of the investigation into the Australian Wheat Board involved both the Howard government and subsequently the Rudd government. It was notable how little interest there was from the members of the committee who had allegiance to those governments in digging too deeply in a way that could potentially jeopardise the standing of either party or any of the personalities who might still hold political office to this day.

The political make-up of the references committee on that occasion ultimately did undermine the effectiveness of our inquiry. It has become clear that it is here that a federal ICAC could play a role. A standing body with large powers of information procurement and the compulsion of testimony would not only be able to overcome particular difficulties that we face, and that were faced in relation to the original investigation into the Australian Wheat Board scandal, but also have more resources and time to properly pursue the case. Senate committees, by their nature, are peopled with senators who have many other demands on their time and resources, not to mention other loyalty demands on their attention as well. So of course Senate committees, while often doing very good work, can sometimes be very limited in what they can achieve, particularly if they are investigating a controversial, contentious and highly risky political matter. A federal ICAC would mean that partisan politics would no longer get in the way of these sorts of investigations and of the Australian people getting the transparent and open government they deserve both in our parliament and in our federal departmental bodies.

I guess that leaves the question of why it is that the coalition and the Labor Party, the two old players, do not support this Greens proposal. There is lots of rhetoric around why it is too hard and why it will not work. But the evidence is mounting all the time that the current system we have is broken, that we need to fix it and that we need an effective, impartial and powerful body to be able to genuinely investigate issues that are arising in relation to the behaviour of political parties, the behaviour of federal politicians and the behaviour of federal departments and agencies. I guess in the end whenever we get this kind of resistance, this kind of obfuscation and this kind of apologist response to something that seems to be such a clearly good idea we have to wonder what it is that they have to hide.

Senator CANAVAN (Queensland) (10:49): I was listening to Senator Wright, and I find it a remarkable contribution to say that somehow the issues surrounding the Australian Wheat Board and the oil-for-food scandal were not properly investigated. There were numerous inquiries. There was a royal commission into that particular scandal, and that royal commission actually recommended that 12 people should be subject to criminal proceedings. Those criminal charges did not end up being laid, but I am not exactly sure what Senator Wright is suggesting. It seems to me she is suggesting that somehow we should be double-guessing and questioning the judgement of the various directors of public prosecutions in our state and federal jurisdictions—because they are the ones who decide whether to proceed with
criminal charges. I do not believe that it should be up to us as politicians or members of the executive government. I do not believe that Senator Wright actually would agree with this position—for us to direct DPPs to lay particular criminal charges. It is a ridiculous suggestion from Senator Wright that somehow the executive government should be held accountable for the DPP not proceeding with criminal charges. I do not know the specifics of the case, but I do have some trust and confidence in the various law enforcement agencies in our country and their record of integrity and independence. In our system it is up to their judgement on whether criminal proceedings should proceed, and obviously in this instance they did not decide that.

There was a lack of detailed argument from Senator Wright for the establishment of such a serious body here in Australia and a lack of any examples of corrupt behaviour—one in her speech. I listened to most of it. It was all about innuendo, potentially people doing this and that in dark rooms, but gave no actual example of corruption. They want to establish a whole new body in our Commonwealth jurisdiction, despite the fact there are already bodies that look at this. It indicates to me that this is just another stunt from the Greens. It is another stunt from the Greens to put on this piece of legislation. They know it is not going to get passed; it is another stunt for them to gain some kind of media attention. They are becoming the masters of stunts in this chamber. They are the 'Captain Risky' of this chamber. Those ads that are running at the moment are quite humorous. I cannot remember the insurance company they are promoting, and I probably should not say it in the chamber to promote them. They are the 'Captain Risky' of Australian politics right now. They are just doing stunts all the time for no particular purpose and no actual gain for our country or the people who live here. It is simply about getting exposure for themselves and their own political purposes. That is not how I think this chamber should be run, and I do not think that is how we should bring things into this chamber.

I also want to make the point that I do not think the Greens are having a conscience vote on this bill that they have brought forward. I do not think they are giving their members a conscience vote on this bill. That is another bill that the Greens will not be having a conscience vote on. They want to say that all other political parties should have conscience votes on things, but they do not apply that principle to themselves. The other day Senator Di Natale came into this place and argued that we should ban sniffer dogs, that we should get rid of sniffer dogs. According to the Greens, sniffer dogs are apparently a great threat to the personal liberty of people in this country. I do not think they are having a conscience vote on that position either. I do not think the Greens are having a conscience vote on sniffer dogs. I reckon there might be some Green senators who actually support sniffer dogs. I think there might be some more reasonable Green senators. Senator Ludlam might support sniffer dogs. I think Senator Whish-Wilson is quite reasonable. He would probably support sniffer dogs. But the Greens do not have a conscience vote on that position either. It is all Stalinist democratic socialism for the Greens all day every day.

**Senator Ludlam:** Mr Acting Deputy President, I rise on a point of order on relevance. I would ask you to draw Senator Canavan's remarks to the question that is before the chair and maybe put to him why he seems keen to talk about anything at all except the bill that is in front of us on corruption and parliamentary entitlements.
The ACTING DEPUTY PRESIDENT (Senator Dastyari): There is no point of order. That is a debating point.

Senator CANAVAN: Thank you, Mr Acting Deputy President. I actually think sniffer dogs are a very important part of our anticorruption framework in this country. I will expand later in this speech about how we have a multitiered, multipronged approach to anticorruption. Sniffer dogs are some of the most important law enforcement officers we have in this country, and I strongly want to put on the record my defence for sniffer dogs, despite the Greens wanting to abolish their positions and lose sniffer dogs jobs all around the country.

The other point I want to make here is that the Greens come into this place and want to make all these innuendos and suggestions about other people and other political parties, yet they do not hold a mirror to their own actions on these matters. It has been mentioned in this debate previously but it is worth repeating—and I think the Australian people would be interested to know—that the largest donation in Australian political history went to the Greens political party. Mr Graeme Wood gave a very large donation to the Greens political party a few years ago. I do not want to make any suggestion that that influenced the Greens but, given that they have raised innuendoes about our political party, I think it is important to put on the record here in this chamber that at the same time, or a very similar time, that donation was made to the Greens political party, they were in this chamber moving motions with the authority of their leader at the time, former Senator Bob Brown, in support of policies which benefited Mr Graeme Wood.

I have no evidence that there was any form of corrupt behaviour, but at least I am upfront with that. The Greens come in here and want to make allegations and slurs against other senators and other political parties without any evidence and then say, 'All these political parties are terrible and corrupt.' That is a hypocritical approach by the Greens, because it is the kind of behaviour they have engaged in themselves, but of course do not want to talk about that at the time that they raise innuendoes about others. This whole debate on this bill is based on innuendo. It is based on no evidence whatsoever. There has been no evidence provided to the chamber.

This bill has been presented after a long MPI debate we had late last year, and in that MPI debate there was no evidence presented that there is any kind of corruption occurring on a large scale or in a systematic way at the federal government level. Indeed, the actual evidence that does exist shows that we have a very enviable record on corruption in Australia. Transparency International has done an international comparison on corruption in different countries, and Australia ranks nine out of 177 countries on that scale. It is a record that we should be proud of. That does not mean that we are perfect and we cannot do more to ensure that corruption does not occur, but we are by no means a country that is behind the race on this issue.

Another report that confirms this statistic is a World Economic Forum Global competitiveness index report that was done recently. They surveyed businesses across the world in different countries and asked them what the biggest issues facing them were in those countries and what the barriers were for them doing business. This report covers a range of issues, not just corruption. It is worth noting that in Australia Australian businesses rate corruption as the equal last issue facing them in their business and doing business in Australia. Of course, that is not the case in some other countries, unfortunately. But in our
country corruption is not a major issue facing business—and, again, that is something we should be proud of.

We are ranked nine out of 177. There are other countries that are slightly ahead of us. We are in a group of countries that are lucky enough not to have the scourge of corruption that infiltrate the wider society. Other countries, like us, also do not have anticorruption bodies like the Greens want to establish. Similar countries to us, like the United States and Canada, have not established anticorruption bodies, and they too rank very highly on these corruption indices. So there is simply no correlation between having a lack of corruption in a country—an economy and a business sector free of corrupt activities—and having a federal anticorruption body. One does not necessarily lead to the other. That is another indication that there has been no evidence provided here.

Before we establish new bureaucracies or new government agencies to deal with a matter it should be incumbent on any of us, whether a political party or individual senators, proposing such a bureaucracy to bring forth evidence as to why they want to establish that body. That evidence has not been established at all. There is simply nothing here from the Greens political party that shows there are corrupt activities at the federal government level. I do not know if this bill has been costed. It probably has not, given the Greens. I think Ken Henry once said that there is not a supercomputer big enough to be able to cost the Greens' policies. He is probably right. We should all make sure we produce evidence before we want to spend more public money and divert more attention in the Commonwealth government bureaucracy, and the Greens completely fail to do that time and time again. It is also the case that when the Greens bring this matter forward they do not actually—

Senator Ludlam: Mr Acting Deputy President, I rise on a point of order. Senator Canavan maybe unwittingly, but at least uncaringly, has misled the chamber. The proposal was costed by the Parliamentary Budget Office at $90 million, and I ask you to draw that to the attention of the hapless senator.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Thank you, Senator Ludlam. That is a debating point, so I would give the call back to Senator Canavan.

Senator CANAVAN: I thank Senator Ludlam for bringing that to my attention. I did say I was not sure if it was costed, so I do not believe I have misled the Senate at all. But I do appreciate his bringing that figure of $90 million to my attention. As I have said earlier, they have not produced any evidence of corruption, but they want to spend $90 million on a problem that does not exist. It shows and confirms the approach of the Greens towards broader economic issues and towards the public debate. They have no concern for the spending of public money and they are quite happy to make a proposal costing Australian taxpayers millions of dollars when they have brought no evidence in to suggest that it is an issue, and they know that it has no chance of passing here today. They do not try to argue anything—they do not go around to us all and say, 'Do you want to vote for this? It might be a good idea.' They do not do any of that. They do not work with other political parties and senators to try to convince them; all they do is come into this chamber and put forward stunts. It is not for this chamber. It is not for getting legislation through and effective policies implemented. For them it is all for exposure and political purposes, and it is all about the stunt. It is all about the stunt with the Greens.
Again, as I was going to say before I was interrupted, not only do the Greens present no evidence for this body to be implemented, they then go on and ignore the fact that we actually have a variety of agencies in place in Australia to deal with anticorruption. Indeed, we have one primary body whose task is to put a check on corruption in Australia—the Australian Commission for Law Enforcement Integrity. It is charged specifically with investigating corruption allegations, and has been in existence for some years. Indeed, last year its investigations led to the arrest of an Australian Federal Police officer for allegations of corruption. While we rank highly on corruption relative to other countries there is no doubt that sometimes, unfortunately, it does occur and we should of course have appropriate law enforcement agencies looking at these issues and enforcing the law when the law is breached. The Australian Commission for Law Enforcement Integrity is the primary body, but other bodies also assist in this task, including the Australian Crime Commission, the Australian Border Force and the Australian Federal Police themselves.

This government has sought to strengthen the resources available in this field and to these bodies. The Australian government has made an extra million dollars available to the Australian Commission for Law Enforcement Integrity to help its own activities. Personally, I think that is a much more responsible approach to this issue than picking up $90 million from the air. I am not exactly sure what this $90 million will be used for; it will be a massive bureaucracy, no doubt. But there is no clear issue with the way corruption is handled at a federal level, and it is good that the government is continuing to make sure it is well-resourced, because it is a very important area. The government has also announced Task Force Pharos, which is looking particularly at the issues of corruption in the Australian Customs and Border Protection Service. There have been a number of issues raised there in the last few years and, again, it is right and proper that something specific has been established here to investigate.

With the time available to me I want to move to the broader issues of establishing an anticorruption body like the one the Greens want to establish. It is not just that this would create a bureaucracy and cost money, it is that the kind of body the Greens want to establish will, and does, at state government levels restrict individual liberties. I believe that at times it is appropriate for liberties to be restricted where there is appropriate public policy concern, but I note that generally the Greens are not on that side. Generally, when issues restricting individual liberties come forward in this chamber—and they have a number of times in the past year—the Greens oppose those changes. We have passed legislation in the past year that has restricted liberties to help try to protect our country against terrorist activities. I believe they have been appropriate changes to the law, and I note the Labor Party's support for those changes—they are serious issues.

We should seriously consider any time we seek to restrict individual liberty but, generally speaking—and certainly particularly speaking on these issues in the past year—the Greens have opposed those changes because they see it as a breach of human rights to restrict individual liberty. It is well within their right to hold those positions, but I note here that they do not then outline why and make a case for why liberties should be restricted here in this instance. Also, there is no case being made in human rights law or in philosophy about why it would be right and proper to restrict liberties in this case. These bodies have very specific powers at the state level. ICAC and, in my state, the Crime and Corruption Commission, have
the power to force people to give evidence and that, traditionally, has been something that has been protected in common law and in other similar countries in constitutions.

We do not have what is colloquially known as 'taking the fifth' in this country, but in the United States they have a constitution in their Bill of Rights of protection against being forced to give evidence, particularly where you would incriminate yourself. But we do have a tradition in English common law that this is not permissible; that the powers that are given to bodies like ICAC and the CCC are akin to star chambers.

'Star chambers' is a colloquial term from the Middle Ages, when the kings of England would establish chambers to force people to reveal whether or not they had committed the great sin of being a Catholic. These chambers were originally established to force witnesses to divulge whether they were papists and believed in the Pope in Rome and not in the Church of England. Over time, English common law ruled that it was not right and proper to force individuals to provide evidence because people are put in a corner when forced to provide evidence to a court of law or to some chamber or in this case to a corruption body. A person either has to speak the truth and, if they do incriminate themselves, they obviously face the sanction of that particular court of law or they do not give evidence. If they do not give evidence, they are subject to perjury under these bodies. I do not think it is right and proper to force individuals in that case—or in all circumstances.

As I said earlier, sometimes it may be right and proper to restrict liberties. At a state government level they have decided to establish these bodies. They do restrict individual liberties. They do help to get to the root of corruption at certain times, but it is something that needs to be balanced by any responsible government before it is introduced. It needs to be considered at least and the Greens have not even considered these issues in their promotion of this bill. That is a great failing in my view of this particular proposal. We need to seriously consider whether it is right and proper at the federal government level to establish a commission that does restrict individual liberty against the potential benefits of rooting out corruption.

Evidence that corruption is a major issue has not been provided. Therefore, I do not think it is right and proper to go against the hundreds of years of tradition in our legal system that protects individuals against giving evidence that might incriminate a person. On this point, I would like to conclude with some issues in my state. The Crime and Corruption Commission in my state was established after the Fitzgerald inquiry, which exposed serious corruption in Queensland, but what is not commonly known is that the Fitzgerald inquiry did not recommend the establishment of what was then called the Crime and Misconduct Commission for this precise reason—that it would be restrictive of individual liberties and, in their view, was not a necessary response to the issues that the Fitzgerald inquiry uncovered.

There was then a Liberal and National government in Queensland. It did not agree with that recommendation and established the Crime and Misconduct Commission. The Queensland government debated and considered it and, given the serious corruption exposed, thought it was an appropriate response to those activities. I make the point that before we would implement something similar here in the federal sphere, we would want to have that evidence, that exposure of some serious and systematic corruption. That simply has not happened and the Greens have simply not brought that forward and therefore this bill should be opposed by this chamber.
Senator KETTER (Queensland) (11:10): I rise to speak on the Green's National Integrity Commission Bill 2013. The bill seeks to establish a National Integrity Commissioner who would seek to address corruption in relation to public officials and Commonwealth agencies. I note Senator Rhiannon has said that a lobbying code of conduct should apply to all members and senators, including minor parties. Labor will consider the Greens' proposal in this bill in detail to create a National Integrity Commissioner. However, the jury is still out as to whether this particular initiative is either necessary or desirable. I say that because I believe that there are, today, several agencies with strong investigative powers that seek to promote accountability and integrity at the Commonwealth level.

Labor has never objected in principle to a federal ICAC—if I could use that term—and our concern is that there is no clear case for the necessity of such a body. The last Labor government was serious about tackling corruption at the federal level and took proposals to the last election for a comprehensive suite of measures to deal with corruption. The agencies we have, as they currently exist, perform many of the functions that would be performed by a standalone integrity and anti-corruption commission. For example, where biased conduct may amount to an offence under Commonwealth law, powers such as those the Australian Federal Police have are available to prompt an investigation and, in doing so, to act independently. Under current provisions, the Australian Commission for Law Enforcement Integrity can investigate any potential conduct that it deems to be corrupt in Australian government agencies and with law enforcement functions. I note from the annual report of the Commission for Law Enforcement Integrity that the agency is working effectively in cooperation with other agencies within its jurisdiction and other state and territory law enforcement agencies and the annual report looks at some of the measures of ACLEI's performance on criminal prosecution outcomes. It would appear that ACLEI has had some outstanding successes in recent years.

In 2012-13, 2013-14 and in the early months of 2014-15, Operation Heritage Marker resulted in 19 convictions for criminal offences with sentences ranging from 8½ years imprisonment, to suspended sentences and convictions resulting in good behaviour bonds. Operation Pentax led to a conviction for abuse of office in 2014-15. On 19 December 2014, the Commonwealth Director of Public Prosecutions had another eight matters listed for hearing or sentence during this financial year and at the time of the annual report of 2013-14, current operations were confidently expected to result in further arrests, charges and prosecutions as the year progressed.

On the issue of strengthening integrity systems, I note from the annual report that, as part of the commitment to detecting corruption-enabled border crime, ACLEI worked with the ACBPS on Task Force Pharos, which Senator Canavan has referred to, which was using the ACCs National Criminal Intelligence Fusion Capability to identify indicators of corrupt conduct in the ACBPS. ACLEI contributed to Australian government threat assessments and policy development relating to fraud control, infiltration risk, personal security, the border environment and organised crime, managing conflicts of interest, professional reporting mechanisms (public interest disclosures) and the value and use of information gained using covert investigation methods. It has also developed seven model integrity policies and a new type of fraud and corruption control plan to capture and apply lessons learned from its
anticorruption investigations and corruption prevention theory, in particular the connection between organisational integrity and performance.

This is an organisation that is currently charged with looking at this particular issue. I note that it is not without criticism in terms of its jurisdiction; however, it is an agency that does seem to be performing a useful function. In addition, the Inspector-General of Intelligence and Security provides independent assurances for the Prime Minister and other senior ministers regarding whether or not Australia's intelligence and security agencies act legally by way of inspection and inquiry into their activities. Furthermore, we have the Auditor-General, who is an independent officer of the parliament. He may review and/or examine any given realm concerning the operations of the federal public sector. The Auditor is empowered to examine cabinet decisions and related documents—something that goes right to the core of government.

It appears that there are existing safeguards in place to address possible corrupt activity. In addition, any possible breaches of the APS Code of Conduct by a public servant can be investigated by the relevant agency head. The Public Service Commissioner has very similar roles in respect of agency heads. So at this point in time, whilst not closing off the option—and it is quite possible there may be some model that would be acceptable to us—in terms of the model proposed by the Greens at this time we do not see any merit in going down that track.

There is another argument that could be advanced at this point in time against the proposal. The specialist agencies that I have referred to are closer to the bodies which they regulate and so it could well be argued that they have greater expert knowledge concerning those agencies than a single generic, stand-alone agency may have over the bodies which it is seeking to regulate. Of course, whenever one makes significant changes of this nature—taking away powers in different areas and consolidating them in other areas—there is always the potential for unintended consequences out of that, quite separate to the loss of the expert knowledge. It could well be that as a result of this we are more vulnerable to cuts in that particular area that may impact on the overall effectiveness. I think Senator Ludwig made the argument that it may not be wise to put all one's eggs in the same basket.

I would like to point out that the federal government operates very differently to state governments and therefore we ought to be seeking to look at a model that suits the needs at the federal level. There may well be sound motives behind the Greens' proposal to create a national integrity commissioner—and I certainly do not disagree with that—but for the reasons I have advanced I argue that it is unnecessary and undesirable. That is despite the fact that what gives rise to this bill is potentially the fact that politicians have not performed as well as we could have in the public sphere which has led to politicians of all political persuasions not being held in high regard by the general public. One of the unfortunate consequences of that—and I pointed to this in my first speech—is today young people do not believe that democracy is the best form of government. We saw a Lowy poll last year that came up with that very concerning finding.

I think collectively we all need to work harder to lift our standards. I accept that my own party has had some issues in the past that we have had to look at, but I am extremely proud of the record that the Labor Party has had not only in my home state of Queensland but at the federal level at addressing these issues of corruption. What causes the general public some
concern is political donations. Questions arise in people's minds about that. At the federal level Labor has adopted a very responsible approach. We know that Labor voluntarily discloses all donations greater than $1,000, despite the fact that the current legislation requires disclosure only of amounts greater than $13,000.

I previously spoke on this concept of a national ICAC last year. It was a separate bill. On that occasion I did also point to the very proud history of Labor in Queensland in dealing with official corruption—and Senator Canavan has made reference to the Fitzgerald inquiry, which was a seminal event in the history of my state. Institutionalised corruption was addressed. To its credit, it was the National Party which, at that time in government, instituted the Fitzgerald inquiry. There was found to be quite a great deal of corruption. Rising out of that we had the Criminal Justice Commission and a process was set up. In contrast to the responsible approach that Labor has had in my home state of Queensland, under the previous Newman government, we saw unfortunately a reversion to type where we saw the parliamentary oversight committee of the Crime and Misconduct Commission, the subsequent body which evolved from the CJC, sacked overnight by the state's then Attorney-General. So that was a most unfortunate reversion to previous conduct in Queensland, but that issue has now been addressed with the Queensland election.

In closing, once again I state that perhaps the Greens' proposal is done with the right motives, and no-one would disagree with the fact that on the surface a national anticorruption body does have some superficial attraction, but I would be concerned about any unintended consequences which arise from that. The model which is before us at the moment is not one that I can support but I would not rule out support for such a similar organisation if it was set up differently. Perhaps what is necessary is a more wide-ranging inquiry into this issue to give the matter some detailed scrutiny. If we had some report in relation to that, it might be something we could have a look at down the track.

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (11:24): I thank all senators for engaging in the debate in the largely respectful way in which it has been conducted. I want to add my comments to those of others who have spoken. I think it was Senator Fawcett actually who pointed out that this is not the first time that this bill has been conducted. I want to add my comments to those of others who have spoken. I think it was Senator Fawcett actually who pointed out that this is not the first time that this bill has been before this chamber. In fact, it is unfinished business, in my view, to our institutional architecture that will sit on the table in this place until some form of an entity such as that which we are discussing has been implemented.

I think the positions of the political parties are now reasonably clear. Liberal and Nationals senators have spoken out reasonably clearly. They do not want a national ICAC or some form of national integrity commissioner. They are just not interested in it, and we heard a range of arguments put around this morning as to why. Labor appears to be open to the idea as long as nobody actually proceeds to set one up, which is reasonably consistent, I guess, with the way that they have operated around these issues in the past.

I would like to point out there may be a difficulty for us in here, in this fishbowl, having this argument around political entitlements and our use of them as MPs and how that grades from appropriate use of entitlements—some of them substantial—through to inappropriate or grey area uses through to brazenly inappropriate uses of parliamentary entitlements all the way out the other side to what we would understand as corruption. The bill that is before us attempts to deal in a number of ways with all of those different tiers of activity.
I want to quote someone who I do not think I have quoted in this place before, Nicholas Greiner, the former Premier of New South Wales. I went back and looked at a little bit of the history of how the state anticorruption bodies were set up but, principally, the circumstances in which they arose. In general they arose in the midst of appalling corruption scandals within each of those states whether it was Queensland or New South Wales that I have been reading a little bit about this morning or in my own home state of Western Australia. In May 1988 when they were initiating the ICAC bill in the New South Wales parliament, Mr Greiner said:

Nothing is more destructive of democracy than a situation where people lack confidence in those administrators that stand in a position of public trust. If a liberal and democratic society is to flourish we need to ensure that the credibility of public institutions is restored and safeguarded and that community confidence in the integrity of public administration is preserved and justified.

They are quite strong words. I would not normally wander in here quoting coalition state premiers. But when you look at the context in which that bill was introduced, when you get a little way into his second reading speech, this was the backdrop against which that entity was set up. He said:

In recent years, in New South Wales we have seen:—

He goes on to list a Minister of the Crown jailed for bribery; an inquiry into a second, and indeed a third, former Minister for alleged corruption; the former Chief Stipendiary Magistrate gaoled for perverting the course of justice; a former Commissioner of Police in the courts on a criminal charge; the former Deputy Commissioner of Police charged with bribery; a series of investigations and court cases involving judicial figures including a High Court Judge; and a disturbing number of dismissals, retirements and convictions of senior police officers for offences involving corrupt conduct.

What I found quite instructive and interesting in listening particularly to coalition contributions this morning was that Senator Fawcett quite carefully went through and listed all the different Commonwealth entities and checks and balances and accountability agencies that exist to keep a check on different parts of the Commonwealth machinery. He spoke a little bit about ASIO and ASIS; about the Federal Police, which I will get back to in a second; and about the law enforcement community more generally. He even talked about overseas anticorruption and about state and territory bodies—everybody except us. I was waiting for the punchline where he was going to use that to somehow justify the fact that no such body should therefore apply to this place but there was no punchline and he sat down. He did not actually come to the point that I thought he would have been trying to make and it was quite a well constructed speech—that everybody else has some form of anticorruption watchdog looking over their shoulder with a certain amount of powers except this place—but then he sat down and that was the end of his speech. And I thought that was kind of fascinating.

Senator Canavan just floated right off the deep end, and started comparing it to the Spanish Inquisition or stuff that was going on in the Middle Ages, and turned it into a human rights argument that everybody else should have some kind of anticorruption watchdog looking over them except federal parliamentarians because, ‘What about our human rights?’ It would be funny if this was not the same guy who wilfully voted for mandatory data retention for the entire population, for extraordinarily coercive powers to be placed over the media and for the ability of ASIO to snoop on practically the entire internet off the back of a single warrant. Now he is considering allowing a handful of select immigration department bureaucrats to revoke people's citizenship unilaterally. Human rights, obviously, can be disposed of for other
people, but do not trespass on Senator Canavan's human rights. He does not need an anticorruption watchdog looking over his shoulder. An extraordinary contribution—

Senator Ian Macdonald: It is not what he said.

Senator LUDLAM: It actually is, Senator Macdonald. I thank you for letting me proceed in silence, which is not often your character. So far this morning it has been very, very good of you. Nonetheless, Senator Canavan's comments—

Senator Ian Macdonald: You need to stick to the truth.

Senator LUDLAM: are on the record and he can speak for himself, and that is fine. I want to bring to the attention of the chamber the following: section 135.2 of the Commonwealth Criminal Code, which pertains to obtaining a financial advantage that people are not entitled to receive. That is the section of the Commonwealth Criminal Code that Centrelink uses to prosecute people for wrongfully claiming welfare allowances and entitlements. There are roughly, according to what I looked up this morning, 10 prosecutions a day around the country. That is what happens, if you are in improper receipt of welfare entitlements, to people who are living right on the edge of poverty or in fact well below the poverty line.

Politicians on the other hand can sail along on baseline salaries starting at around $200k a year. If we make a mistake in here the federal police do not move prosecutions under that section of the Criminal Code. We are allowed—in some cases for years—to leave it lying under the carpet and then come forward and say, 'Oops, I am sorry, I am going to repay that.' We saw the way the disgraced former Speaker of the other place handled it. She kind of dug in bitterly until it was obvious to everyone in the country, except her and the Prime Minister, that flying a chopper to a Liberal Party fundraiser and emerging like some kind of Bond villain is so far outside entitlements that it does not pass any kind of test you would want to put on it.

The gargantuan double standard that applies appears to be invisible to everyone inside this building, but I can honestly say that it is really highly visible to everybody outside. Maybe it is like asking a fish to notice water; maybe it is just really difficult because it is what we swim in here. That sense of cocooning and isolation that occurs in this building I think touches all of us in some ways. We are in here for weeks at a time and then fly home and reconnect with the rest of the world and with the real world. That isolation distances us and is maybe why there is this denial. We should really call out, this morning, politicians from the Liberal, National and Labor parties who are saying: 'We don't need something like this to apply to us. The states and territories are different. The police forces are different. The public sectors are different. We are above all of that. We are above reproach. There is no evidence.' The reason there is no evidence of corruption at that high level of Commonwealth politics is that nobody is charged with looking for and finding it. There is that gap in the institutional architecture that people have been quite happy to gloss over, this morning, and pretend that we do not need, and it is precisely the problem.

Some senators, probably inadvertently,—I am assuming good faith on this—clearly do not understand what the bill does, so I just want to come to what the actual proposal is. The proposal is for a national integrity commission and it has three main offices, and this is where some confusion was expressed by, I think, Senator Fawcett this morning. The idea is that the
agency or the entity has three limbs. One is to absorb the existing Commonwealth Law Enforcement Integrity Commissioner. It is not that we are proposing to establish a new law enforcement integrity office, it is to absorb the existing functions and operations of that body that is charged with investigating alleged corruption in the AFP and in the Australian Crime Commission.

A lot of the powers that are based on the Law Enforcement Integrity Commissioner Act of 2006 we do not propose to modify, but the two new limbs that would come into being would be the national integrity commission, which is modelled reasonably closely on the New South Wales ICAC that has been devastatingly effective at going through and routing out the unthinkable corruption that was rotting away at the hearts of the Liberal-National Party and the Labor Party in New South Wales. So that is one limb—the national ICAC.

I think that maybe it does make sense in your party rooms when you are working out your tactics to say: 'We are above all that. There is simply no evidence of any such thing.' Are we going to wait for the kind of gruesome corruption scandals that disfigured politics in the states that led to the establishment of those anticorruption bodies? Do we have to wait until it is just rotting out there in plain sight, or could we move pre-emptively to set up such a body to begin to restore confidence in the institution in which we hold so much trust in here?

I forget whose contribution it was said, 'How gross of the Greens to come in here off the wake of a hideous parliamentary entitlements scandal and talk about entitlements'. Sorry, that is what we assume this chamber is for. The third limb is to establish an independent parliamentary adviser, effectively an integrity commissioner for MPs. We were talking before about that grey area between legitimate use of entitlements. For example, I was criticised in The West Australian for taking a charter to the Lake Way uranium drill site out the back of Wiluna. It is about 1,000 kays from Perth. The Aboriginal mob in the north-east goldfields are really concerned about what a uranium mine on a lake bed would mean for country and culture in that part of the world. I guess I could have rung them and said, 'Come to Fremantle,' I chose to go to them. I would consider that legitimate use of a charter entitlement. It is expensive because WA is larger than Western Europe. I would consider that a legitimate entitlement. Most of us, quite frankly, use the entitlements legitimately, as far as I am concerned.

Senator Ian Macdonald: You were going to an antinuclear rally.

Senator LUDLAM: The grey areas are where it is actually a question of interpretation. I think all of us at one time or another would have really appreciated the opportunity to pick up the phone and say, 'I am proposing to do this. Is this within entitlement or not?' We all make—

Senator Ian Macdonald interjecting—

Senator LUDLAM: Even you, Senator Macdonald. Nobody is accusing you of rorting entitlements, but wouldn't it have been good on some occasions to say, 'Is this within entitlement or not; I'm not sure'? And then you can—

Senator Ian Macdonald: I can work it out.

Senator LUDLAM: Oh, you are above all of us, Senator Macdonald—so unimpeachable!

Senator Ian Macdonald: Clearly you think you are.
The DEPUTY PRESIDENT: Order!

Senator LUDLAM: It is just wonderful!

The DEPUTY PRESIDENT: Order! I would ask senators to direct their debate through the chair.

Senator LUDLAM: I should not take the bait, should I? I should not take the bait.

Part of it is around interpretation, and then some of it is actually about straightforward integrity. As far as I am concerned, when flying yourself like Cruella De Vil into a Liberal Party fundraiser, you should not need to pick up the phone to ask whether that is okay. That is just completely not okay. That is about tightening up the entitlement system to make those things just basically off limits.

But then I think that for the grey area we would all appreciate the ability to ring up somebody to support MPs and to support staff in particular on making those judgement calls, because we are employed by the taxpayers, a lot of whom are struggling under what is happening in the economy at the moment. The last thing they want to see here is the kind of flagrant abuse that has been in the papers and on the front pages in the last couple of weeks.

So we think this is a relatively uncontroversial bill. This is not a stunt. This is about bringing forward a matter that I would have thought most people would be intrinsically in support of: to complete that gap in the institutional architecture. Everybody else—no matter how flawed or how much you could critique how the anticorruption bodies around the country have run in practice, you have seen continual amendments; Premier Baird is proposing amendments to ICAC even as we speak—has to keep track with custom and practice and corruption, quite frankly. This is for us to complete that gap in the architecture and not to hold the conceit that we are above all of that.

The best way to keep us above all of that is to have a watchdog on the beat, not just around the areas of ambiguity but around the areas, quite simply, of criminal conduct and corruption. I do not think we should assume that this institution is necessarily somehow above the fray of human conduct that occurs and that requires those checks and balances and those accountability mechanisms in every other tier of society where people exercise power or enormous budgets in the public trust. We are not seeking to override state and territory anticorruption bodies; we are seeking to learn from them.

If there are other offers—and I guess I would particularly address these comments to the opposition, who have not ruled it out but are showing no interest at all in doing anything with these ideas—if you think this can be improved, if you think there are better ways of going about it, either come at us with amendments or put your own bill into the field. Announce something—an anything but sitting on the fence. Given what people have been put through with Mrs Bishop's tip-of-the-iceberg scandal over the last couple of weeks, surely now is the time to come forward and finish the job.

The DEPUTY PRESIDENT: I call Senator Lines. Senator Macdonald?

Senator Ian Macdonald: Mr Deputy President, I did want to say a few words.

The DEPUTY PRESIDENT: Senator Macdonald, you have already contributed to this debate, so unless you are raising a point of order—

Senator Ludlam: Let him seek leave.
Senator Ian Macdonald: No, I was just going to—I think Senator Ludlam is giving me leave to speak a second time.

The DEPUTY PRESIDENT: Well, he may like to, but I am not going to give it to you.

Senator LINES (Western Australia) (11:40): I rise today to talk through my very serious concerns about the National Integrity Commission Bill 2013 and what the Greens are proposing. The bill seeks to establish a National Integrity Commission. It is established as an independent statutory agency and consists of an Integrity Commissioner, a law enforcement commissioner and an independent parliamentary adviser.

I just heard some of what Senator Ludlam had to say, and I have to say that, if I have any concerns about entitlement, I phone the state office. I thought that was their role. They give independent advice about what is under entitlement and what is not. Of course they are not going to put a political spin on that and, quite frankly, neither is an independent parliamentary adviser. I think that they would give the same advice that the state office do. We call them regularly for that advice.

I also think that, if the Greens were serious about this bill, a bill with such broad powers and scope, they would have canvassed with other parties and Independents the intent of the bill. The fact that the Greens have just presented this bill without consultation leads me to conclude that it is just another grandstanding effort, another stunt to appeal to their base.

I also note that in this place there are some politicians who think they are not politicians, who think there is a 'them and us'. The Greens are particularly good at this, trying to set themselves up as some kind of pure other, and this bill smacks of that 'other'.

This bill has been examined by the Parliamentary Joint Committee on Human Rights. In the summary of the committee's report, a number of key concerns were raised—and, yes, Senator Milne put forward a letter in response to those concerns, but it barely goes to the issues raised. The committee felt that a number of provisions in the bill breach a range of human rights: freedom of association, privilege and so on. These went to coercive investigative powers of the National Integrity Commissioner, compelling a person to provide information, to produce documents and attend investigations and hearings, and the power to arrest. It interferes with the right of a person not to incriminate themselves and limits the application of legal professional privilege. It is all starting to sound rather familiar, like another bill that certainly I strongly oppose. That just names some of the rights which are restricted or removed altogether.

The Law Council also considered:

… the threshold issue of the desirability of a federal anti-corruption body should be considered by Parliament, ideally through a Senate Committee inquiry, before more detailed proposals like the current Bill are progressed.

From a party which stood with Labor in its opposition to the reintroduction of the ABCC, this bill, the Greens bill, has powers and penalties which are similar and in fact go further than the obnoxious ABCC bill. So again, for me, it reinforces this 'them and us' mentality.

The bill seeks to establish and combine an investigative body to examine Commonwealth departments and agencies, federal politicians, our staff, the AFP and the ACC and in addition to have the officer to provide some kind of independent parliamentary advice, which I said in the opening I believe is already available. I am not sure what the wisdom is in creating a unit...
which would investigate a range of agencies with very different powers, all under the one agency. The AFP and the ACC operate very differently to a Commonwealth agency or statutory authority. Their mandates and authorities are completely different. It would require a bank of lawyers to sort through what could be investigated by this new Greens authority and what could not. Surely the Greens are not suggesting this new body have supreme authority over all agencies mentioned in the outline of the bill. And who is this body answerable to? What are its checks and balances to ensure that it operates in an entirely ethical way? What are the inbuilt protections to stop it becoming stacked with friendly bureaucrats? Who watches the watcher?

Given that investigations are conducted in the utmost secrecy, what happens if a state authority and the new federal body are investigating the same person? Imagine the Keystone Kops-like scenarios of listening devices being planted, mobile phones being tapped and emails being intercepted by different agencies completely ignorant of the activities of the other. What would the information-sharing protocols be between state authorities, police, the AFP and this new body be like, when the AFP is one of the bodies this new body has the power to investigate? How would data be gathered and stored? From a party that was hell-bent on data protection, this bill is open slather.

Of course accountability is important. It is critical to the jobs that we have been elected to carry out. That is why I talk to other politicians when I am not sure of an entitlement—and yes, I have tripped up. In my first three months here I overspent on staff travel, and I paid that back. That was a valuable lesson I learned, because now every time I am not sure about something I call the state office and I get it in writing. Most of us take this responsibility seriously. It is a privilege to be elected to parliament, and we as parliamentarians should never forget that. With that privilege comes a very serious responsibility that all of our actions should be transparent and that we should be held accountable for the expenditure of public moneys.

Labor has political accountability in its party platform. Of course we will consider this Greens bill, but are they prepared to listen and change the bill? This bill in similar form has been presented to the parliament on three other occasions. Therefore, I question the merits of the bill.

Of course when it suits the Greens they act in their own interests. Just yesterday in the Senate they supported the government’s Medical Research Future Fund Bill 2015. Of course Labor supports medical research, but we want a fund where the awarding of funds to medical research is completely independent, and what the Greens have signed up to with this fund is one where the health minister advises the finance minister which groups get funds and what gets funded. Part of what the Greens’ so-called integrity bill is seeking to expose is overt lobbying, but what the Greens agreed to yesterday in relation to the Medical Research Future Fund leaves ministers totally exposed to those who are the slickest lobbyists, with plenty of money, influence and vested interests. For years we have seen how the tobacco and alcohol lobbies use sophisticated methods, and even so-called medical research, to advance their causes. Again, if the Greens were serious about integrity they would have stood with Labor yesterday and demanded the inclusion of a proper independent body to award the research funds, but they did not do that. They signed up to a system which is open to the slickest lobbyist.
Senator Milne, in introducing this bill, made this remarkable statement:

The federal Parliament cannot end the 44th session remaining as the only jurisdiction left unchecked against the very real threat of internal corruption or maladministration across the federal public service. Unchecked? If the Greens have evidence of internal corruption and maladministration, they should report it. If the Greens think that our Public Service is inherently a corrupt organisation, they should say it, not hide behind the pretence of some kind of 'integrity' bill. Australia has a strong record on combating corruption. Australia has a strong record of global, regional and domestic action to prevent and expose corrupt activity. We are consistently ranked as one of the least corrupt nations in the world in the Transparency International corruption perceptions index. In fact, in 2014 we were listed as the 11th-least corrupt nation out of 175 countries.

Responsibility for fighting corruption should not rest with a single body. I think that is inviting trouble into the future, and it is not clear how that body would be regulated. Fighting corruption should be ingrained in the culture and practice of our Public Service. There are several specialised agencies which already exist to promote accountability and integrity at the Commonwealth level. The distribution of responsibility is one of the great strengths in Australia's approach because it creates a strong system of checks and balances. And what the Greens are seeking to do is to take all of that responsibility for integrity and following through on corruption and put it in the one agency. That is not going to work. Fighting corruption should be part of every agency that we have, and we believe that the Australian Public Service, by and large, is a uniquely corruption-free zone.

What I would like to talk about today—and today is a very good day to do that—is political donations, completely missing in the Greens bill. That is something that needs to be addressed. Today we see in our newspapers the fact that the head of the witch hunt royal commission into trade unions has indeed been invited to a Liberal political fundraiser.

Debate adjourned.

NOTICES

Presentation

Senator Williams to move:


Fifteen sitting days remain, including today, to resolve the motion or the instrument will be deemed to have been disallowed.

Senator Siewert to move:

That the Senate—

(a) notes:

(i) that audio description (AD) is a flexible and unobtrusive way of making the visual content of television accessible to people who are blind or have low vision,

(ii) that modelling undertaken by Vision Australia shows that there are approximately 350 000 people in Australia who are blind or have low vision, with this number estimated to increase to 564 000 by 2030,
(iii) that under Article 30(b) of the United Nations (UN) Convention on the Rights of Persons with Disabilities, which Australia has ratified, the Government has an obligation to ensure that people with disabilities have access to television programs,

(iv) that Part 9D of the Broadcasting Services Act 1992 includes requirements for the provision of captions on television programs in order to make them accessible to people who are deaf or hearing-impaired,

(v) that, despite a successful trial of AD conducted by the Australian Broadcasting Corporation (ABC) in 2012, the ABC does not provide AD on any of its free-to-air television services,

(vi) that the ABC is currently conducting a government-funded 15 month trial of AD on its ABC iview catch-up service, but that many people who are blind or have low vision experience significant barriers to accessing ABC iview, and

(vii) that the Special Broadcasting Service, Foxtel, and the commercial free-to-air television networks provide no AD in Australia;

(b) expresses concern that Australians who are blind or have low vision are disadvantaged because Australia lags behind many other countries, including the United States of America, the United Kingdom, Canada, Ireland, Germany, Spain and New Zealand, which all provide varying levels of AD on television programs; and

(c) calls on the Government to amend the Broadcasting Services Act 1992 to include requirements for the provision of AD on free-to-air and subscription television programs by the ABC and all other networks, similar to captioning requirements.

COMMITTEES
Selection of Bills Committee
Report

Ordered that the report be adopted.

Senator BUSHBY: I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—

1. The committee met in private session on Wednesday, 12 August 2015 at 7.16 pm.

2. The Treasury Legislation Amendment (Sinai! Business and Unfair Contract Terms) Bill 2015 was considered at meeting 8 of 2015 on Wednesday, 24 June 2015 and not referred. This bill was reconsidered and the committee resolved to recommend:

   That—

   (a) the provisions of the Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015 be referred immediately to the Economics Legislation Committee for inquiry and report by 14 September 2015 (see appendix 1 for a statement of reasons for referral),

3. The committee resolved to recommend—That the following bills not be referred to committees:

   • Aboriginal Land Rights (Northern Territory) Amendment Bill 2015
   • Acts and Instruments (Framework Reform) (Consequential Provisions) Bill 2015
   • Australian Defence Force Superannuation Bill 2015 Australian Defence Force Cover Bill 2015 Defence Legislation Amendment (Superannuation and ADF Cover) Bill 2015
The committee recommends accordingly.

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

- Aged Care Amendment (Independent Complaints Arrangements) Bill 2015
- Asian Infrastructure Investment Bank Bill 2015
- Australian Centre for Social Cohesion Bill 2015
- Banking Laws Amendment (Unclaimed Money) Bill 2015
- Civil Law and Justice (Omnibus Amendments) Bill 2015
- Competition and Consumer Amendment (Australian Country of Origin Food Labelling) Bill 2015
- Corporations Amendment (Publish What You Pay) Bill 2014
- Maritime Transport and Offshore Facilities Security Amendment (Inter-State Voyages) Bill 2015
- Motor Vehicle Standards (Cheaper Transport) Bill 2014
- Social Security and Other Legislation Amendment (Caring for Single Parents) Bill 2014.

(David Bushby) Chair
13 August 2015

APPENDIX 1

SELECTION OF BILLS COMMITTEE
Proposal to refer a bill to a committee:
Name of bill:
Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015

Reasons for referral/principal issues for consideration:
To scrutinise potential impacts of the legislation and concerns raised during the consultation process to date

Possible submissions or evidence from:
Commonwealth and State Government departments and agencies
- Impacted stakeholders and stakeholders who have previously made a submission, including:
  - Law Institute of Victoria
  - Insurance Council of Australia
  - Housing Industry Association
  - Business Council of Australia
  - Shopping Centre Council
  - Franchise Council of Australia
  - Federal Chamber of Automotive Industries Association

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

CHAMBER
Possible hearing date(s):
To be determined by the Committee
Possible reporting date:
13 October 2015
Print name: Senator Anne McEwen
Ordered that the report be adopted.

BUSINESS

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (11:53): I move:
That the order of general business for consideration today be as follows:
(a) general business notice of motion no. 806 standing in the names of Senators Madigan and Xenophon relating to the Automotive Transformation Scheme; and
(b) orders of the day relating to documents.
Question agreed to.

Rearrangement

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (11:53): I move:
That general business order of the day no. 66 (Social Security (Administration) Amendment (Consumer Lease Exclusion) Bill 2015) be considered on Thursday, 20 August 2015 under the order relating to consideration of private senators’ bills.
Question agreed to.

NOTICES

Postponement

Business was postponed as follows:
Business of the Senate notice of motion no. 2 standing in the names of Senators McAllister and Edwards for today, proposing a reference to the Economics References Committee, postponed till 17 August 2015.

COMMITTEES

Rural and Regional Affairs and Transport References Committee

Reporting Date

The Clerk: Notifications of extensions of time for committees to report have been lodged in respect of the following:
Rural and Regional Affairs and Transport References Committee in respect of its inquiry into aspects of road safety in Australia until 26 November
Rural and Regional Affairs and Transport References Committee in respect of its inquiry into the Australian grape and wine industry until 12 February 2016.

The DEPUTY PRESIDENT: Thank you, Clerk. I remind senators that the question may be put on any of those proposals at the request of any senator. There being none, we will move on.
MOTIONS

Perth Freight Link

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (11:54): I, and also on behalf of Senator Sterle, move:

That—

(a) the Senate notes the failure of the Minister representing the Minister for Infrastructure and Regional Development to comply with the order of the Senate of 10 August 2015, namely for all documents relating to the Infrastructure Australia evaluation of the Perth Freight Link and the business case presented by the Western Australian Government and related documents; and

(b) resolves that the decision to commit funding to the Perth Freight Link project be referred to the Rural and Regional Affairs and Transport References Committee for inquiry and report by 26 November 2015, with particular reference to:

(i) the decision-making process that led to the announcement that the Perth Freight Link would receive Commonwealth funding,

(ii) the information relied upon by state and Commonwealth governments informing the decision to fund this project,

(iii) the importance of transparency of decision-making in relation to infrastructure decisions,

(iv) evaluation of options for managing growth in the Perth freight task, and

(v) any related matters.

Managing growth in the Perth freight task, and

any related matters.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (11:55): Mr Deputy President, I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: The government is absolutely committed to the Perth Freight Link and the project will provide the missing link in Perth’s urban transport corridor by connecting the main industrial areas with the Fremantle port. It will reduce travel times for heavy vehicles, improve safety along arterial roads and create 2,400 jobs.

A 30-page summary business case was publicly released in December 2014, which details a breakdown of the benefit cost analysis results; the problems the project will resolve; the current challenges facing WA and its freight system; and the scope of the project.

The project is undergoing an extensive and rigorous environmental approval process. Conditional environmental approval for the Roe Highway extension component of the project was granted on 2 July 2015—a reflection of the significant care that has been taken to minimise the project footprint.

The proponents of the Perth Freight Link are ignoring the multiple economic benefits the project will deliver for Western Australia.

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (11:56): Mr Deputy President, I seek leave to make a short statement.

The DEPUTY PRESIDENT: Leave is granted for one minute.
Senator LUDLAM: I cannot help feeling a little bit sorry for Senator Fifield, because it is your job to walk in here and just read the words that they have given you, and then the words come out. I do not know, Senator Fifield, whether you have actually visited Perth since 1955 or so, which was when the Perth Freight Link components were first put on the planning books.

This project is a total disaster, and the Barnett government is in meltdown over it. Transport minister Dean Nalder did not even know that the project was still subject to Commonwealth environmental impact assessment. The scale of incompetence and the potential waste of up to $2½ billion dollars of taxpayers' money is like nothing I have ever seen in my time here.

I want to thank Senator Sterle from the opposition—and, hopefully, the crossbenchers for their support for this inquiry. It is our proposal to call Minister Nalder and Main Roads Western Australia. If this project is so great, let's see any evidence at all and let the argument stand or fall on its merits.

The DEPUTY PRESIDENT: The question is that business of the Senate notice of motion No. 1 be agreed to.

The Senate divided. [12:02]

(The Deputy President—Senator Marshall)

Ayes .....................37
Noes .....................27
Majority ...............10

AYES

Bilyk, CL
Bullock, J.W.
Carr, KJ
Dastyari, S
Di Natale, R
Gallagher, KR
Ketter, CR
Lazarus, GP
Ludlam, S
McAllister, J
McLucas, J
Muir, R
Peris, N
Rhiannon, L
Siewert, R
Sterle, G
Wang, Z
Whish-Wilson, PS
Xenophon, N

NOES

Back, CJ
Birmingham, SJ
Bushby, DC (teller)
Colbeck, R

Bernardi, C
Brandis, GH
Canavan, M.J.
Edwards, S
BILLS

Aged Care Amendment (Independent Complaints Arrangements) Bill 2015

First Reading

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:05): I move:

That the following bill be introduced: A Bill for an Act to amend the Aged Care Act 1997, and for related purposes.

Question agreed to.

Senator FIFIELD: I present the bill and move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:05): I table the explanatory memorandum and move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—
This Bill introduces a measure announced in the 2015 Budget, which increases the independence of aged care complaints handling from 1 January 2016.

This is achieved through the transfer of aged care complaints handling powers, from the Secretary of the Department of Social Services to the Aged Care Commissioner, to be re-named the Aged Care Complaints Commissioner.

In making these changes, the Government has recognised the recommendations of the 2009 review of the former Aged Care Complaints Investigation Scheme by Associate Professor Merrilyn Walton, and the Productivity Commission's 2011 Report, Caring for Older Australians.

The Commissioner is an independent statutory office-holder, who currently examines complaints about the decisions and processes of the Aged Care Complaints Scheme and the processes of the Australian Aged Care Quality Agency.

When the Commissioner takes responsibility for the complaints arrangements, review of decisions will be integrated within those arrangements. Concerns regarding the processes of the Commissioner and the Australian Aged Care Quality Agency can be raised with the Commonwealth Ombudsman.

Existing legislated complaints management functions consistent with the Complaints Principles 2014 will be maintained and will continue to cover Australian Government residential and home-based aged care.

Aged care regulatory policy, compliance and enforcement will remain the responsibility of the Department of Social Services.

The Australian Aged Care Quality Agency will remain responsible for the accreditation and quality review of aged care services.

The change will result in a separation of complaints management from the funder and regulator, which reflects best practice in complaints handling.

Debate adjourned.

Ordered that further consideration of the second reading of this bill be adjourned to 12 October 2015, in accordance with standing order 111.

MOTIONS

Nuclear Weapons

Senator SINGH (Tasmania) (12:06): I seek leave to amend general business notice of motion No. 799 standing in my name.

Leave granted.

Senator SINGH: I move the motion as amended:

That the Senate—

(a) notes:

(i) that on 6 and 9 August 2015 many organisations and individuals around Australia held vigils and events to mark the 70th anniversaries of the atomic bombings of Hiroshima and Nagasaki,

(ii) that despite the end of the Cold War more than two decades ago, there are still close to 16 000 nuclear weapons in the world today, including an estimated 1 800 kept on high-alert status,

(iii) the Humanitarian Pledge, endorsed by 113 nations, to identify and pursue effective measures for the prohibition and elimination of nuclear weapons, and

(iv) the growing movement of nations supporting the negotiation of a global treaty banning nuclear weapons; and

CHAMBER
b) welcomes the three conferences convened since 2013 by the governments of Norway, Mexico and Austria on the humanitarian impact of nuclear weapons, which the Australian Government attended. Question agreed to.

BILLs

Fair Work Amendment (Penalty Rates Exemption for Small Businesses) Bill 2015

First Reading

Senator LEYONHJELM (New South Wales) (12:07): I, and also on behalf of, Senator Day, move:

That the following bill be introduced: A Bill for an Act to amend the Fair Work Act 2009, and for related purposes. Fair Work Amendment (Penalty Rates Exemption for Small Businesses) Bill 2015. Question agreed to.

Senator LEYONHJELM: I present the bill and move:

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

Bill read a first time.

Second Reading

Senator LEYONHJELM (New South Wales) (12:07): I move:

That this bill be now read a second time.

I seek leave to table an explanatory memorandum relating to the bill. Leave granted.

Senator LEYONHJELM: I table an explanatory memorandum and seek leave to have the second reading speech incorporated in Hansard. Leave granted.

The speech read as follows—

The purpose of this bill is to improve the viability of small businesses operating in the Restaurant and Catering, Retail, and Hospitality industries.

This bill will reduce regulation overseeing the relationship between certain small businesses and their employees.

It does this by removing any requirement that certain small businesses pay penalty rates unless: the work is on a public holiday; the work is in excess of ten hours of work in a day; or the work is on a weekend and in addition to 38 hours of work over a seven day period.

Businesses in the nominated industries with fewer than 20 employees will be defined as 'excluded small businesses', to which the provisions of the bill will apply.

The original intent of applying penalty rates was to introduce a penalty for employers requiring employees to work outside the standard Monday to Friday working week, or conversely, to reward employees who agreed to give up traditional weekend days.

However, we no longer live in the world that existed when penalty rates were first introduced.

Pubs used to shut at 6pm. Dining choices were limited. Shopping ceased at noon on Saturdays. Sporting events were held almost exclusively on Saturdays.
Today's world, in many ways, operates 24/7.

We now shop all weekend. We dine out from breakfast through to the early hours of the morning, with a vast growth in the breadth and depth of dining choices over the last thirty years.

Tourism services for both domestic and international visitors have also blossomed in the same period, to the extent that tourism is now the second fastest growing sector in the economy.

These revolutions in retailing, dining and tourism has provided numerous business and job opportunities to hundreds of thousands of Australians.

But now we are stalling.

Businesses and entrepreneurs are pulling back; shrivelling under the dead hand of government regulation.

An increasing number of retailers, restaurants and tourist businesses are restricting trading hours and will not open on Sundays in particular, because they lose money through over-inflated penalty rates.

Some continue to open to try to hold on to their customer base, but are staffed mainly by family members.

Others simply cannot operate in this manner, so they open, pay penalty rates and forgo profit, hoping that they maintain their market share.

It is ludicrous that established business owners are now being forced to restrict trading hours, and therefore job opportunities, because regulated pay rates deny profitable trade.

Make no mistake; any business, other than a sole trader, that restricts trading hours is closing off a job opportunity for someone.

The accounting firm Deloitte recently reported that 49 per cent of businesses in one sector reduce their hours of operation when penalty rates apply. They also reported that a large number of businesses have decreased their number of employees due to the impact of penalty rates.

Self-evidently, most employers in the industries nominated in the bill have few choices as to preferred trading hours; the imperative is to trade when customers are looking for your product or service.

So, to enhance the continuing evolution of these important industries we need to recognise the changed circumstances that apply in the 21st century and recalibrate, by adapting to the changed lifestyle choices of both customers and employees.

Recalibrating now, recognising that change is needed, is preferable to the fate of numerous industries that refused to do so and are no longer in business.

We need to recognise where we have come from, what we have achieved and what future we want for retailing, restaurants and tourism.

Many of the people who work in these businesses choose to do so because they want to work after traditional work hours or on weekends to accommodate studies, or the work patterns of their partners.

Far from feeling penalised for working early or late shifts or weekends, it is the first choice for many.

The transcripts of the 2012 Modern Awards Review conducted by the Fair Work Commission make for interesting reading.

Employers state that they find it easier to find employees for weekend shifts, rather than Monday to Friday 9 to 5 shifts.

Employees nominate on their job application forms when they wish to work during the week, and in many cases, times are chosen to fit in with their studies and to avoid formal class hours.
Many of the employees in these industries are young, with limited skills, and are highly mobile, changing jobs to suit their current needs.

Some stated that if they could not work on weekends, they could not work.

Clearly for many it is not a burden to work on weekends or after traditional business hours, but an opportunity.

This opportunity is now being denied in a growing number of businesses who now refuse to open on Sundays because of penalty rates of up to 275 per cent.

This bill will provide viability to those small business owners who would like to trade all weekend, but currently do not, as they refuse to trade at a loss because of pay rates that cannot be recouped.

The bill will provide employment opportunities currently not available because businesses are closed on these days.

Importantly, adoption of these changes will allow our tourism oriented businesses to maximise the opportunities from our growing tourism sector.

Employees can ultimately choose whether they want to take up these opportunities to work under the new conditions or not.

Presently they do not have these choices when businesses do not even open.

This bill addresses a growing problem in three labour intensive industries and seeks to broaden opportunities for both employers and employees.

The bill is specific to three industries, targeted with a 21st century mindset that recognises changing lifestyles and the needs of both customers and employees.

I commend the bill to the Senate.

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

Leave granted; debate adjourned.

MOTIONS

Education Funding

Senator RHIANNON (New South Wales) (12:08): I move:

That the Senate—

(a) notes that:

(i) the Abbott Government’s attempts to deregulate university fees and slash public funding to higher education have been defeated twice in the current Parliament,

(ii) the Minister for Education and Training (Mr Pyne) has so far spent $150 000 of public money hiring a private consultant to conduct parliamentary negotiations on his behalf, and

(iii) this spending is a significant waste of public resources at a time when the Government is inflicting huge cuts to public services such as health and education; and

(b) calls on the Abbott Government to stop wasting public resources in its attempts to wreck public higher education in Australia.

Question agreed to.

Cassowary Protection

Senator WATERS (Queensland—Co-Deputy Leader of the Australian Greens) (12:08): I move:
That the Senate—
(a) notes:
   (i) the fact that the southern cassowary is listed as endangered under the *Environment Protection and Biodiversity Conservation Act* 1999, and that estimates of the remaining population range from 1 000 to 4 000 individuals,
   (ii) the recovery plan for the southern cassowary, published in 2007, which estimated a total cost for recovery of the southern cassowary of $994 000 over 5 years, including $50 000 for a cassowary rescue program, and
   (iii) the funding uncertainty surrounding the Garners Beach Cassowary Rehabilitation Centre, which has reportedly seen local vets instructed to euthanase injured adult cassowaries and their then-orphaned chicks, rather than sending them for care in the Centre; and
(b) calls on the Federal Government to:
   (i) urgently update the recovery plan and ensure that it is implemented, including by prioritising habitat protection and restoration, allocating adequate funding for reducing vehicle strikes, protection from predation by dogs, rehabilitation and protection from other threats, and
   (ii) work with the Queensland State Government and urgently consider providing federal funding to allow the Garners Beach Cassowary Rehabilitation Centre to remain open to rehabilitate orphan cassowary chicks, and to expand its operations to enable injured adult cassowaries to be cared for.


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

*Senator FIFIELD:* The government is already taking action to support the endangered cassowary through the actions and targets set out in the *Threatened species strategy* launched by Mr Hunt a few weeks ago. The Australian government is taking real action to turn around the decline of our threatened species. Eighteen Green Army projects and a 20 Million Trees Program are helping on the ground to protect and restore cassowary habitat. Additionally, we have allocated more than $2 million for projects to revegetate and provide habitat connectivity for the species. We also fund, through the National Landcare Program, local natural resource management groups to protect cassowary habitat. The Garners Beach cassowary rehabilitation centre should contact their local NRM to find out how they can access support through their 20 per cent small project funding. The Minister for the Environment will write to the Queensland minister for the environment to consider this matter.

*Senator IAN MACDONALD* (Queensland) (12:10): I seek leave to make a short statement that might be useful in considering this motion.

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

*Senator IAN MACDONALD:* This is an issue which I have been following, as has Mr Andrew Cripps, the local state member. Mr Cripps made very strong submissions to the Queensland state government regarding the closure by the Queensland government of this particular facility. I am pleased to see a report in a newspaper which indicates that the closure of the centre will now not happen and that the Queensland government has, in fact, provided the $50,000 injection required to retain the Garners Beach cassowary rehabilitation centre in Mission Beach.
Question agreed to.

BILLS

Parliamentary Expenses Amendment (Transparency and Accountability) Bill 2015

First Reading

Senator XENOPHON (South Australia) (12:11): I move:

That the following bill be introduced: A Bill for an Act to amend the Parliamentary Entitlements Act 1990 and other legislation, and for related purposes. Parliamentary Expenses Amendment (Transparency and Accountability) Bill 2015.

Question agreed to.

Senator XENOPHON: I present the bill and move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator XENOPHON (South Australia) (12:12): I move:

That this bill be now read a second time.

I seek leave to table an explanatory memorandum relating to the bill.

Leave granted.

Senator XENOPHON: I table an explanatory memorandum and seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

This Bill follows the many recent reports of alleged misuse and excessive claims of Parliamentary travel entitlements. It is my view that we all need to reconsider how we view these entitlements: they are not something that is owed to us, but rather an expense to the Commonwealth and the taxpayers of Australia that we should use carefully and prudently.

The measures in this Bill seek to implement a new level of transparency and disclosure around the process for claiming travel entitlements. It includes two main measures: the need for Parliamentarians to provide explanatory statements in respect of certain types of travel claims, and providing the Commonwealth Ombudsman with the power to oversee claims and make recommendations to the Minister in this regard. It is important to note that this Bill does not seek to change the amount that can be claimed under entitlements or the circumstances under which it is appropriate to make a claim; it simply requires disclosure from MPs who do make a claim.

I note the process instigated by the Prime Minister for an independent review of Parliamentary entitlements by the President of the Remuneration Tribunal, John Conde AO, and former Secretary of the Department of Finance, David Tune AO, PSM will examine entitlements broadly and make recommendations accordingly. This Bill should be seen as a parallel process that complements the review.

Firstly, the explanatory statements in this Bill apply to travel claims other than those made for Parliamentary sittings or Parliamentary committee meetings or hearings. Under this Bill, when making a claim, the claimant will have to provide a short statement as to the purpose or purposes of the travel,
the amount of time they spent out of their business day on those purposes, the times, dates and locations of the travel, the flight numbers and the details of any other forms of travel undertaken, the number of nights for which an entitlement is claimed, and the total amount of all aspects claimed.

In addition, the claimant must include a declaration that each entitlement has been claimed correctly.

Explanatory statements are also required in respect of charter travel that is undertaken at any time. The claimant will be required to provide the details of the travel (including time, date and location), and a statement as to why a charter rather than commercial travel services was used.

Finally, a statement will also need to be provided for family travel entitlements. In this case, the statement must include the dates, times and locations of the travel and its cost, as well as the details of the family members for whom it was claimed. This need not include names; a simple description of 'spouse' or 'dependent child' fits the criteria.

All of these statements must be provided to the Department within seven days of the end of the month in which the travel was undertaken. The Department must then publish these on its website within 14 days of receipt.

This will mean this information is available to the public. It brings in accountability where currently there is little, and transparency where there is none.

This Bill also introduces additional penalties that will apply if claims are made in excess of the relevant entitlement.

For the first two transgressions in a 12 month period, the claimant will have to pay back twice the amount that was incorrectly claimed. The current 25 per cent loading that is payable is clearly inadequate.

For any transgression after that in the 12 month period, they will have to pay back four times the amount.

Of course, in cases of fraud, a prosecution can be launched against the Senator or Member involved.

Paying back twice or even four times the amount claimed may seem harsh, but I believe we need greater deterrents than we have now. This is a fair measure, and will act as a proper disincentive to be lax, lazy – or worse, 'creative' - when it comes to claims.

Finally, the Bill extends the powers of the Commonwealth Ombudsman to oversee the claims process. The Department must provide the Ombudsman with quarterly reports of breaches, which the Ombudsman must then consider and provide a report to the Minister with relevant recommendations if needed. This must also include a statement that must be tabled in Parliament.

Further, this Bill sets the Ombudsman up as a sort of independent adjudicator. It gives the Ombudsman the power to investigate concerns from other MPs or members of the public, and also to investigate off its own bat. While the Ombudsman cannot make specific rulings, it will certainly be able to raise cases with the Department, who can then seek out payment from the relevant claimant.

Ultimately, this Bill is about greater transparency and accountability. It is about giving all Australians a better understanding of how Members of Parliament spend taxpayer money.

But it is also about changing the attitude towards these sorts of entitlements. My colleagues and I should be thinking carefully about how these benefits are claimed, and I hope the measures in this Bill will make all MPs and Senators give more thought as to whether what they are claiming is really fair.

Senator XENOPHON: I seek leave to continue my remarks.

Leave granted; debate adjourned.
MOTIONS

Dialysis in the Northern Territory

Senator SIEWERT (Western Australia—Australian Greens Whip) (12:13): I move:

That the Senate—

(a) welcomes the $9 million for Purple House to deliver dialysis services in Alice Springs and remote communities in Central Australia, and the $10 million in accommodation infrastructure funding;

(b) congratulates the advocates who have ensured that dialysis accommodation funding, which was first promised in 2011, has finally been delivered to remote communities;

(c) urges the Federal Government to work closely with the Northern Territory Government to ensure that the renal infrastructure funding is quickly translated into outcomes for remote communities; and

(d) calls on the Federal Government to ensure remote communities in the north of the Northern Territory are resourced to meet their need for on-country dialysis.

Question agreed to.

Firearms

Senator MUIR (Victoria) (12:13): I move:

That the Senate—

(a) notes that:

(i) the Adler A110 lever-action shotgun is currently a Category A firearm,

(ii) lever-action shotguns similar to the Adler A110 currently exist and are in the possession of law-abiding firearm owners in Australia,

(iii) the decision by the Government to temporarily suspend the importation of the Adler A110 lever-action shotgun was taken without consultation with the firearms industry, or the 800 000 plus law-abiding recreational firearm owners, and

(iv) the firearms and hunting industry contributes over $1 billion annually to the Australian economy; and

(b) welcomes the Government’s announcement which will ensure licensed firearms users and industry representatives have meaningful input into the review of the technical aspects of the National Firearms Agreement.


The DEPUTY PRESIDENT: Leave is granted for one minute.

Senator FIFIELD: On behalf of the Minister for Justice, I indicate that the government was concerned that a significant number of high-capacity, lever-action shotguns were shortly due to start arriving in Australia. These lever-action shotguns have a magazine capacity of seven rounds that can be discharged rapidly using a lever reloading action. The government has moved to temporarily prohibit the importation of live-action shotguns with a magazine capacity of more than five rounds until the review of the National Firearms Agreement is completed early next year.

Consultation with industry and the licensed shooters will be vital to produce sensible reforms as the government reviews the technical elements of the NFA. As the government announced yesterday, as part of that consultation process we will establish an industry reference group to provide advice to the government and the Firearms and Weapons Policy
Working Group—which comprises representatives of all Australian governments—on the technical elements of the NFA. This will be in addition to other stakeholder consultation that the working group and Mr Keenan will conduct.

**The DEPUTY PRESIDENT:** The question is that general business notice of motion No. 804 be agreed to.

The Senate divided 12:19

(0:00.00:00.00)

**NOTICES**

**Postponement**

*Senator O'SULLIVAN* (Queensland—Nationals Whip in the Senate) (12:22): by leave—

I move:

That general business notice of motion No. 802, standing in the name of Senator O'Sullivan for today, relating to the Tasmanian timber industry be postponed till the next day of sitting.

Question agreed to.
BILLS

Tax Laws Amendment (Small Business Measures No. 3) Bill 2015

First Reading

Bill received from the House of Representatives.

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:23): I move:

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

Question agreed to.

Bill read a first time.

Second Reading

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (12:23): I move:

That this bill be now read a second time.

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

Leave granted.

The speech read as follows—

This Bill amends various taxation laws to provide tax relief and reduce red tape for small business.

Small business is the engine room of our economy. The contribution of the hardworking women and men of small business cannot be underestimated. They account for 96 per cent of all Australian businesses. They employ over 4.5 million people and they produce over $330 billion of economic output per year.

By taking risks, small business owners grow their business, employ more people and serve their customers. They are constantly innovating and adapting to a changing business environment. However, small businesses face a higher relative regulatory burden than larger businesses. It is important that policy settings do not make owning and operating a small business harder and more costly than it has to be. We are committed to energising enterprise— not putting up roadblocks.

This is why this Government has introduced the largest jobs and small business Budget package in Australia's history. This is a $5.5 billion package that will help small business invest more, grow more and employ more.

This is the third of four Bills this Government will introduce to deliver the Growing Jobs and Small Business package. The company tax cut of 1.5 per cent and accelerated depreciation for small business Bills were passed by the House and the Senate. The fourth Bill will include the Budget measure to allow small businesses to restructure without incurring a Capital Gains Tax liability. This Bill will provide a tax discount for unincorporated small businesses, allow immediate deductibility for professional expenses and expand the FBT exemption for work-related portable electronic devices.

The measures in this Bill will provide improved cash flow for small businesses. In addition to improved cash flow, providing immediate deductibility of professional expenses and expanding the FBT exemption for work-related portable electronic devices will reduce red tape for small businesses.

Small businesses tend to face proportionately higher regulatory costs than larger businesses, because of their inability to take advantage of economies of scale in understanding and complying with regulation.

Schedule 1 of this Bill will provide a 5 per cent tax discount for approximately 70 per cent of small businesses which are not incorporated, capped at $1,000 per taxpayer.
We have successfully brought legislation before the Parliament to introduce a 1.5 per cent cut in the company tax rate for small business. That measure will provide very welcome tax relief to thousands of small incorporated businesses across Australia. This Bill will extend to many more unincorporated small businesses, a broadly similar tax cut.

Owners of small businesses will receive a 5 per cent tax offset on their small business income. The tax offset will be capped at $1,000 per taxpayer, per year.

We know that Australian small businesses are made up of many different Australians. That's why we've taken this into consideration.

Currently, unincorporated business income is taxed at its owner's marginal rate of personal income tax. This feature of Australia's tax system means that a company tax cut will not benefit unincorporated businesses. All those 'tradies' who operate as sole traders, the mum and dad business partnerships and the family business operating through a trust would miss out. This Bill will ensure all small businesses are entitled to a tax cut, irrespective of how they are structured.

With a tax cut of up $1,000 for each business owner, small businesses will have more cash flow. This increased cash flow can be reinvested in the business, helping it to reach its full potential.

**Schedule 2** of this Bill will provide immediate deductibility of professional expenses for small business.

Currently, there are some expenses related to starting a business that have to be depreciated at 20 per cent of the original cost over five years. Some examples of these expenses include professional advice on starting a business, such as legal advice or costs associated with raising capital, including those incurred in accessing crowd-sourced equity funding.

This Bill allows these expenses to be immediately deducted instead of depreciated over five years. The benefit here is not just to the businesses cash flow, but to their record keeping requirements. Small businesses will not have to track these expenses over five years, as previously required. They will now claim the deduction for the entire amount and get on with running their business and growing Australia's economy.

Immediate deductibility of professional expenses will be available from the start of the 2015-16 income year.

**Schedule 3** also reduces red tape within the Fringe Benefits Tax system, by expanding the FBT exemption for work-related portable electronic devices.

Simplifying fringe benefits tax (or FBT) arrangements for small businesses will reduce the existing complexity in complying with current rules, and improve access for employers to work-related benefit exemptions.

Small businesses (with an aggregated turnover of less than $2 million) will be able to access a FBT exemption for all portable electronic devices that are provided for work purposes.

This exemption will be available even if multiple devices with substantially similar functions are provided by an employer to their employee for work purposes.

FBT applies to certain non-cash benefits provided by an employer to an employee. FBT is levied on the employer.

Under the FBT system, fringe benefits are not taxed at an employee's marginal tax rate, but are instead taxed at the top marginal tax rate.

FBT maintains the fairness and integrity of Australia's taxation system by taxing non-cash benefits provided by an employer to its employees. It also facilitates the inclusion of fringe benefits in an employee's income for the purposes of means testing benefits such as family tax benefits.
Currently, there is an FBT exemption for five categories of work-related items that are used primarily for the employee's employment. These categories apply to portable electronic devices; items of computer software; items of protective clothing; brief cases; and tools of the trade.

Within the portable electronic devices category, an FBT exemption can currently be provided for more than one device, provided the devices do not have substantially similar functions.

For example, a mobile phone and a laptop are not considered to have substantially similar functions (and so could each get the exemption), but a tablet and a laptop are generally considered to have substantially similar functions (and so only one would be able to get the exemption).

With the development of new products and increasing overlaps in function, it is becoming more and more difficult for employers to determine which devices can access the existing FBT exemption, and is thereby stemming the use and availability of a critical tool of the trade for small businesses — portable electronic devices.

With evolving technology being used for work purposes, the legislative provisions that allow for an FBT exemption for portable electronic devices and computer software have not kept pace.

There have been many examples of businesses seeking clarification from the ATO regarding whether multiple items can both be exempt in the same FBT year.

Allowing the existing FBT exemption to apply to items that have substantially similar functions as proposed will simplify the current rules and provide employers with more flexibility in the number and nature of items given to employees, by disregarding overlaps in the functions of items.

As such, simplifying this exemption is expected to lead to a reduction in compliance costs and red tape for employers.

Employers will no longer need to determine whether items such as a tablet and laptop have substantially similar functions. The benefit will potentially increase in the future as the range of items such as smartphones or smartwatches increase in use and function.

It is estimated that around 30,000 businesses will initially benefit from this measure.

This reinforces the Government's position that the tax system should not impede innovations by companies hoping to grow and employ people.

To this end, removing and simplifying the FBT portable electronic devices exemption will provide proportionately greater benefits to small business.

The 2014 Board of Taxation report, Review of Tax Impediments Facing Small Businesses, noted that small business stakeholders frequently raised Fringe Benefits Tax as an area of concern, suggesting that it imposes a significant and disproportionately high regulatory burden on small business.

The Government has listened to the concerns of small business owners and employees, and is committed to making it easier to do business in Australia.

It is estimated that there will be compliance cost savings associated with the measures contained in this Schedule, which will commence from the beginning of the next FBT year on 1 April 2016.

As I've said, this Bill, coupled with other initiatives announced by the Government in the 2015-16 Budget, encourages small businesses to provide their staff with all the necessary tools to grow and build their business, and to have a go.

We are committed to ensuring Australia is the best place to start and grow a small business.

Full details of the measures are contained in the explanatory memoranda.

Debate adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour.
COMMITTEES
Legal and Constitutional Affairs Legislation Committee

Report

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (12:24): On behalf of the chair of the Legal and Constitutional Affairs Legislation Committee, Senator Macdonald, I present reports on legislation as listed at item 11 on today's Order of Business together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the reports be printed.

BILLS

Tax Laws Amendment (Small Business Measures No. 3) Bill 2015

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator McLUCAS (Queensland) (12:25): I rise today to speak on behalf of the opposition on the Tax Laws Amendment (Small Business Measures No. 3) Bill 2015, which Labor will be supporting. Labor will support these small business measures, as we have done with other measures for small business announced in the 2015-16 budget, as we recognise the need for assistance to this significant sector of the Australian economy.

The bill has three parts: a tax discount for unincorporated small businesses, immediate deductibility for small business start-up expenses and fringe benefits tax exemptions for portable electronic devices for small businesses.

Schedule 1 covers the tax discount for unincorporated small businesses. As we can see from the explanatory memorandum, schedule 1 of the bill amends the Income Tax Assessment Act 1997 to provide a five per cent tax offset—commonly known as the small business tax offset—to individuals who run a small business. Businesses with an aggregate annual turnover of less than $2 million are regarded as small businesses for the purposes of this legislation. The tax offset is five per cent on the income tax payable on the portion of the individual’s income that is small business income. The maximum amount of the tax offset available to an individual in an income year is capped at $1000.

Schedule 2 of the bill amends the Income Tax Assessment Act 1997 to allow small businesses and individuals to immediately deduct certain costs incurred when starting up a business, including government fees and charges as well as costs associated with raising capital, that are presently deducted over five years. Schedules 1 and 2 apply from the income year 2015-16—that is, the current financial year that commenced on 1 July—and later income years.

Schedule 3 of the bill amends the Fringe Benefits Tax Assessment Act 1986 to extend the fringe benefits tax, FBT, exemption that applies to employers that provide employees with work related portable electronic devices such as mobile phones, laptops and tablets. The amendments extend the exemption to small businesses that provide employees with more than one work related portable electronic device, even where the devices have substantially identical functions. Schedule 3 amendments apply for the 2016-17 fringe benefits tax year and
later fringe benefits tax years. The 2016-17 fringe benefits tax year commences on 1 April next year.

Let me remind the chamber of the support that Labor provided to the small businesses of Australia when we were in government. These are facts the current government conveniently likes to ignore when it portrays itself as the sole parliamentary champion of small businesses, which is a convenient but incorrect characterisation. Labor increased the tax-free threshold for unincorporated small businesses, such as sole traders and partnerships, from $6,000 to $18,200 in July 2012. Labor also increased the instant asset write-off threshold for small businesses from $1,000 to $6,500 via the Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011. The number of assets this applied to was unlimited. Labor also introduced accelerated deductions for motor vehicles. This measure allowed small businesses to instantly write off $5,000 plus 15 per cent of additional costs for new or used vehicles costing more than $6,500 in the income year that it is first used or installed ready for use. This increase in the instant asset write-off represented a boost to small business of $3.55 billion over the forward estimates and a boost from the accelerated depreciation for motor vehicles of $550 million over the same period. In addition, with the introduction of loss carry-back for companies, these three tax assistant measures for small business provided a boost of more than $5 billion to the small business sector. Labor's record on small business is a good record—one we can be proud of. And we are.

By contrast, the current Prime Minister and the current Treasurer promised before the last election that they would cut not just the Minerals Resource Rent Tax but also those associated measures, including the small business tax assistant measures. These were the instant asset write-off, the tax loss carry-back for companies and the accelerated depreciation for motor vehicles. Then, in 2014, what happened? The Prime Minister cut these small business assistance measures when the Minerals Resource Rent Tax Repeal Bill passed through both houses of parliament. This bill reduced the instant asset write-off threshold to $1,000 and cut the loss carry-back for companies and the accelerated depreciation for motor vehicles. Further, they made the cuts retrospective. How did this help small business? Now, less than 12 months later and in a desperate attempt to save his own political skin, Mr Abbott has brought back Labor's instant asset write-off and has introduced a small tax discount for unincorporated small businesses. We welcome the return of measures that should never have disappeared in the first place, but what we will not hear from the government is how much the withdrawal of these measures cost to the economy, to small businesses and to jobs.

In his remarks on this bill in the other place earlier this week, Labor's shadow minister assisting the leader for small business, Mr Ripoll, outlined some of the challenges that are currently present in the Australian economy. He drew the parliament's attention to sluggish wages growth and a government intent on attacking the wages of some of our lowest paid workers, which is not the answer. If this government were really serious about small business and really honest about jobs and growth, then why is it that the Australian Bureau of Statistics data confirmed that unemployment last month rose to 6.3 per cent? That is a substantial figure. It is a terrible figure because of what it means for ordinary people and their families, as well as what it means for confidence in small business and in our economy. And because of what it means for people's ability to manage their own smaller economies—their household budgets, their household economies.
What we see before us is that, for the first time in 20 years, there are now more than 800,000 Australians who are unemployed—for the first time in two decades. That is 114,000 more people who have joined the jobs queue since the Prime Minister and his government were elected and since Mr Billson was appointed as Minister for Small Business. This is not something that this government ought to be proud of. When you hear the government members talk, they are going to crow about this in some way, but it will be interesting to see how they spin that. The last time the unemployment data was 6.3 per cent was in 2002 when the now Prime Minister, under a previous government, was responsible for employment. The unemployment rate is higher now than it was under Labor during the global financial crisis. Unemployment, believe it or not, is higher today under the supposed genius stewardship of the Liberal government than it was under Labor during the global financial crisis. And last week, while the Prime Minister and his party were fixated on saving the job of the former Speaker of the other place, 40,000 Australians joined the jobless queue in July. The figures also show a disturbing 0.4 per cent spike in youth unemployment, with 13.8 per cent of 15- to 24-year-olds unable to find work. That is almost 300,000 young Australians who are currently unemployed. These are really shocking numbers. These are numbers that the government should be focusing all of its attention on rather than the other things that it is finding itself preoccupied with this week.

Australia needs a plan for jobs and it needs a plan for the future. Sadly, it is not getting either from this government. It is clear that the Liberals do not have a plan. They do not have a plan for jobs, for the jobs of the future. It seems that they can always come up with a plan for their own jobs, but they are not so good at finding a plan for jobs for ordinary Australians. The Minister for Small Business is well known for his enthusiasm and his theatrics, but these performances will not help small business or get people off the unemployment queues. The government has presided over the closure of the car industry and seems intent on exporting our future submarine jobs overseas—they almost seem determined to have that aim. You have to look at this carefully and ask: Why are they so determined, at every turn and at every corner, to give these things away?

Labor believes Australia has an unprecedented opportunity to appropriately manage and encourage a transition from an economy based on resources, primary industries and domestically-focused businesses to one that is based on high growth, on knowledge and on intensive businesses that can compete globally. Why should we not be able to compete like the rest of the world does? There is no point in saying that now wages are too high or something else. That is just not the case, because in comparable economies where wages are just as high and where the competitive environment is just as strong, they do well. We do not do well in those areas. Maybe there are other things in play—and that is what I would like this government to think about.

We also need a government that understands that R&D actually helps our economy—it is not a cost, but an investment. We need a government that understands that the jobs of the future are not about shutting down wind energy; they are about promoting renewable energy. It is about sustainability. It is not about destroying, through one comment, the renewable sector in wind power generation because the Prime Minister does not like the ‘awful look’ of them, or that perhaps they make a noise. Come and speak about noise to some of my constituents who live next to major roads and highways—they will tell you a thing or two.
about noise. When it comes to cheaper electricity and making sure in the future that Australia
is just keeping up, then let us talk about those things.

This government is not comfortable with these words—mathematics, science, engineering, 
entrepreneurship, start-ups, crowd-sourced equity funding. They think these are terrible 
thoughts and concepts from an era they do not understand. They are a government from 
another era, that is for sure. But Labor does recognise there is much more that governments 
can do. You can do that through support. You can support small business and encourage those 
who want to go out and have a go and grow their businesses. That is exactly what Labor did 
in government; we did not just talk about it. We did it through substantial tax assistance and 
good measures which supported small business. In fact, as soon as the Liberal government got 
into power, they completely wiped out these measures. Small business, as I am sure 
colleagues know, is not happy. Small-business representatives, medium-business 
representatives and large-business representatives are unhappy about it. The government now, 
after it has seen the damage it has done, is trying to repair some of this by reintroducing some 
of those Labor measures, which is, of course, why Labor are supporting them. In effect, they 
are just a reintroduction of Labor's policies.

Many small businesses are desperately trying right now to find, for example, access to 
finance because they are constrained by difficulties in the methods that exist in getting 
traditional funds through banks and through other methods—it is either too expensive, too 
difficult, they may not have the balance sheet strong enough or they may not be capitalised 
足够的. Again, these are probably all foreign concepts to the Liberals. The Liberals, when it 
comes to small business, have only two tired old lines—that small business people mortgage 
their home is one. We know people do that, but it is not the only way. Some do; some cannot 
get money because they do not have the capital or equity, so they look for other sources of 
financing. If a government is smart enough, it will put in place schemes to assist them. That is 
what Labor are proposing to do.

Under Labor's plan, we will work with the banking and financial services industry to 
develop 'start-up finance', a partial guarantee scheme which will support the development of 
Australian microbusinesses by improving their access to finance. Currently Australian 
microbusinesses either struggle to get a loan or may borrow via residential mortgages. There 
is no great science or analysis in that. They do that in the absence of cheaper, more 
appropriate financing alternatives.

There are some well-established credit guarantee schemes supporting start-ups, micros and 
small businesses in the UK, the US, Canada, France and Germany, as well as in 46 other 
countries around the world that we could compare ourselves to. This is where we should be 
turning our eyes and looking for some innovation ourselves. Australia is one of the only 
countries in the developed world without such a scheme and, as a result, we risk being left 
behind. I would say that we are being left behind.

Labor proposes to create a new $500 million smart investment fund which will back-in 
great Australian ideas and help convert those ideas into businesses, jobs of the future and a 
stronger economy and, at the same time, support revenues to government which, in turn, will 
support ordinary Australians. Our smart investment fund will partner with venture capitalists 
and licensed fund managers to co-invest in early-stage and high-potential companies,
providing a Commonwealth investment of up to 50 per cent of the start-up capital needed to help Australian companies commercialise innovations.

This is part of Labor's plan for the jobs of the future. That has to be the basis from which we start, if we are going to be serious about long-term economic growth. Economic growth is not that great at the moment. We have to realise that the numbers are not just going to magically go up unless government takes a proactive approach to growing the economy and making sure that we transition our economy from old-style manufacturing and resources to the high-skilled jobs of the future. That transition will take a long period of time. We need a government that supports that. You do it through skills and training and a whole range of other methods and investing in the right places.

Another important role for government is in assisting small business to provide certainty on the provision of the relevant skills and training opportunities. That is something Labor put in place and invested money in, including in apprenticeships, in traineeships and in a whole range of other incentives around how that works. Again, sadly, when the Liberals got elected the first thing they did was cut all that—they saw it is a saving. I say it has had a detrimental, negative impact on small business and on the economy.

Labor's policy is to provide guaranteed funding to TAFE so that businesses can get the skills they need. That is what businesses say they want and that is because it works. Our TAFE system is strong. It is proven. The infrastructure is in place. We have the right people as part of our TAFE network, but we have to fund that. It is like anything in life: if you starve something, eventually it will wither. We have known for a long time that the Liberal Party simply hate the TAFE system; they just do not like it. It is ideological hatred.

Over a million Australians every year participate in skills training. Labor are very proudly the party of skills, training and apprenticeships. We are committed to providing a quality TAFE system. I want to take this opportunity to remind the government that it was the Prime Minister and the Treasurer who cut more than $2 billion from skills and training programs just over a year ago in their first budget. That is what they decided to do in an economy that needs to grow and needs skills. If I were to ask ordinary Australians, 'If you were going to grow the economy and develop skills and training, what would you do?', I do not think they would say, 'We'd cut $2 billion from the programs that help provide skills and training.'

Labor has a proud record in providing tax assistance for small business and helping the economy. It was a Labor government that introduced a range of measures to help small business. It was the Liberal Party who cut those assistance measures, only to realise how effective they were. They are now trying to restore them a couple of years later. I reiterate Labor's support for these measures and, most importantly, for the small businesses of Australia.

Senator SINODINOS (New South Wales) (12:44): Excuse my voice. I have not been shouting at Labor or Nats people today; I have got a bit of a cold. I will try to keep it nice and silky. I am here to speak on the Tax Laws Amendment (Small Business Measures No. 3) Bill 2015, and I am excited. I am excited because we have a Minister for Small Business, Bruce Billson, who was described in the party room as messianic—not just evangelical and not just hot but messianic—when it comes to spreading the message about small business. I share his enthusiasm for small business. The Liberal Party shares Bruce Billson's enthusiasm for small
business. It is in the DNA of the Liberal Party to be strong supporters, promoters and protectors of small business.

When John Howard regained the leadership of the Liberal Party in 1995 in his first speech he talked about the importance of families and the importance of small business as part of the core constituency of the Liberal Party and our side of politics. He did that because when the party was established in the 1940s it was established to represent all those in the community who did not necessarily have an organised voice of their own. There were big businesses that could project their own voice and had the resources to do things for themselves. They do not have the protection of being some part of some organised group in society—some corporate group, union group or whatever. It picked up all of those who wanted to be responsible for themselves and fend for themselves and did not want other people telling them what to do. Within that group were the people of small business—the independent contractors, the people who started a business on their kitchen bench or in their home office and the trades men and women who start off employing one or two people and when business is going well they employ four or five people, or maybe nine or 10 people.

These are the people we need to encourage in our society. Yes, a lot of employment comes from big business and a lot of employment comes from the more organised part of the economy but it is in that turbulent, chaotic world of disruption of markets where you find the start-ups and the small businesses coming forward with new energy, new vision and new ideas. The role of parliamentarians on all sides of the parliament should be to promote the best of those start-ups and small businesses.

A series of bills have come before the parliament—and there are more to come—that encapsulate the small business measures put together by the coalition in the last budget to help promote small business. My colleagues on the other side were right to say that in the past, because of budgetary reasons, we have taken away some measures that were dedicated to small business. The reason for that was clear. Some of them were linked to things like the mining tax that never raised the money it was said to raise. We have seen billions of dollars of reductions to forecasts of that revenue. We could not have afforded all of the spending that was linked to those sources of revenue that were not coming forward, so it was important for us to take some hard budgetary decisions.

Small business also has to live in a macroeconomy. It is not just about what you do for small business itself; it is what you do to create a macroenvironment in which small businesses can thrive and succeed. That does mean being responsible about the overall balance between supply and demand in the macroeconomy. It does mean having a fiscal policy which over time gives people certainty that we are on a path to have the federal budget under control. It means having a fiscal policy that is consistent with monetary policy so that we do not have the arms of policy at that macro level pushing in different directions. You do not want an expansionary fiscal policy causing you to have a restrictive monetary policy where you are putting the brakes on the economy and raising interest rates.

Seared into the consciousness of small business are the recessions of the late 1980s and the early 1990s, particularly the interest rates. The late 1980s and early 1990s were the precursor to the very big recession we had to have, according to Paul Keating, who lost control of that economy. He let it expand for too long and he let the Reserve Bank keep interest rates too low for too long and then, when the damage was done, interest rates had to be raised to swinging...
levels and the result was a catastrophic decline in economic output and activity. The people who paid for that were the employees, trade union members and small businesses.

I do not say it was all his fault, because really he was at the mercy of the advice he received. He received advice that there would be a soft landing in the economy. I remember that very well. I was in Treasury. I remember it was the Reserve Bank that first belled the cat. But what happened in that period? Those interest rates were seared into the consciousness of small business. So you have to get the macroeconomy right. You cannot just focus on measures for small business alone. To this day I do not think that Labor has sufficiently embraced the need for a credible path back to budget surplus as a way of creating that favourable environment for small business. One of the mistakes Ed Miliband made when he became the leader of Labour in the United Kingdom was he failed to distance himself from the economic legacy of the Gordon Brown era. So from day one he appeared to be going further to the left on economic policy instead of tacking to the centre, and the centre is a credible path back to surplus, taking the pressure off monetary policy—

**Senator Cameron:** Austerity.

**Senator SINODINOS:** No, it is not austerity. That is wrong.

**Senator Cameron:** Austerity—that's what you lot do.

**Senator SINODINOS:** It is not austerity to stop borrowing money you do not have.

**Senator SINODINOS interjecting—**

**The ACTING DEPUTY PRESIDENT (Senator Dastyari):** Senator Cameron, the senator will be heard in silence.

**Senator SINODINOS:** It is not austerity to stop borrowing money you do not have. That is very important.

**Senator Cameron:** Mr Acting Deputy President, I rise on a point of order. This man should not be lecturing the Labor Party after that first budget.

**The ACTING DEPUTY PRESIDENT (Senator Dastyari):** That is a debating point. There is no point of order.

**Senator SINODINOS:** I welcome the contribution of Senator Cameron because he took out of this House someone that Paul Keating accused of having 100,000 workers around his neck.

**Senator Cameron:** Tell us about your first budget.

**The ACTING DEPUTY PRESIDENT:** Senator Cameron.

**Senator SINODINOS:** Without that first budget, there could not have been the second budget, which provides these generous measures for small business. That is the point.

We heard earlier about Labor's love for innovation. Where were they when Chris Bowen emasculated employee share ownership schemes and took away incentives for start-ups? When you have a start-up, you cannot afford to put people on high salaries but you can give them some sweat equity, some hope that, if their ideas succeed, they will get a return. Those ideas, that initiative was crushed by what Chris Bowen did in 2009. Again, in this budget we are taking measures to reverse that damage to employee share schemes. We are taking measures to promote crowdfunding in a responsible way.
What we are also doing in this particular bill before us today is taking a number of measures which will improve the cash flow for small business, reduce red tape and encourage innovation. There are a number of measures here. I will quickly go through them. They are part of a $5.5 billion package. They complement the company tax cut of 1.5 per cent and accelerate the depreciations for small business that were passed by the House in the Senate. There is a further bill to come which will allow small businesses to restructure without incurring a capital gains tax liability, and that is important too because there are too many situations where the operation of the capital gains tax can stop restructuring and then freeze the mobility of resources.

Just as we took measures on capital gains tax when we first came to power in 1996 to support small business, including rollover into retirement funds and the like, we are taking measures which make it easier for small business to restructure. We are allowing the immediate deductibility of professional expenses instead of depreciating them at 20 per cent per annum. With immediate deductibility we are making it easier to get the advice you need to set up a small business. And we are expanding the FBT exemption for work related portable electronic devices because these days we need more and more of these devices and the rules were restricting people in terms of the similarity of the devices and how many multiples of those devices they could have.

So we will provide a five per cent tax discount for approximately 70 per cent of small businesses which are not incorporated. We have cut the company tax rate for those that are incorporated but here we are doing it for those which are not incorporated by providing a tax discount capped at $1,000 per taxpayer per year. This approach means that the benefits of cutting tax are extended to those who are unincorporated. Currently, unincorporated business income is taxed at its owners marginal rate of personal income tax.

A company tax cut will not benefit unincorporated businesses. All those tradies who operate as sole traders, the mum and dad business partnerships and the family business operating through a trust would miss out. This bill will ensure all small businesses are entitled to a tax cut irrespective of how they are structured. And that reflects the new economy that is involving across the country, where people are increasingly doing things from home and so on and so forth. So with a tax cut of up to $1,000 for each business owner, small businesses will have more cash flow. This increased cash flow can be reinvested in the business, helping it to reach its full potential.

I talked about the immediate deductibility of professional expenses for small business. Currently there are some expenses related to starting a business that have to be depreciated at 20 per cent of the original cost over five years. These include professional advice on starting a business such as legal advice or costs associated with raising capital, including those occurred in accessing crowd sourced equity funding. This bill allows these expenses to be immediately deducted instead of depreciated over five years. The benefit here is not just for business's cash flow but for the record keeping—small businesses will not have to track these expenses over five years as previously required. They will now claim the deduction from the entire amount and get on with running their business and growing Australia's economy. This will be available from the start of the 2015-16 income year.

I also mentioned the FBT exemption for all portable electronic devices that are provided for work purposes. This exemption will be available even if multiple devices with
substantially similar functions are provided by the employer to their employee for work purposes. As you know, the FBT applies to certain non-cash benefits provided by an employer to an employee. FBT is levied on the employer. The FBT maintains the fairness and integrity of our tax system by taxing non-cash benefits provided by an employer to its employees. It also facilitates the inclusion of fringe benefits in an employee's income for the purposes of means testing benefits such as such as family tax benefits.

These categories apply to portable electronic devices, items of computer software, items of protective clothing, briefcases and tools of the trade. These are the five categories of work related items that are used primarily for their employee's employment. Within the portable electronic devices category, a FBT exemption can currently be provided for more than one device provided the devices do not have substantially similar functions. So what we are doing here is allowing people to have more portable electronic devices so that is not a constraint on their capacity to do their business and expand their business.

There have been many examples of businesses seeking clarification from the ATO regarding whether multiple items can be exempt in the same FBT year. So we are going to simplify the rules, provide employees and employers with more flexibility in the number and nature of items given to employees by disregarding overlaps in the functions of items. I think that is another important red tape measure.

It is estimated that around 30,000 businesses will initially benefit from this measure. Yes, for budgetary measures to support small businesses you create a macro environment to support those small businesses. The years and the decades of 10 and 17 per cent interest rates have to be put behind us forever. We have to create an environment which is favourable on that macro level and also provides supportive measures that continue to reduce red tape.

The government has already had two red-tape days. We have reduced red tape by over $2 billion, and we are also promoting other measures which will involve developing a proper innovation ecosystem. Where we still have a challenge is with venture capital funding. I heard Senator McLucas talk about that before. It is fine to put up the ideas, but in his budget reply Bill Shorten was full of ideas but did not explain how he was going to pay for them, and this is the problem. You can have all the ideas in the world, but when you are the government you are accountable and you have to find a way of paying for them. He did not outline ways to credibly pay for the billions of dollars of expenditure that he was talking about. You have to be able to square that circle if you want to be taken seriously as the alternative government.

We also need to keep doing more to promote collaboration in science and research and in innovation between business, academic institutions and research institutions. It is not good enough. If you go to a country like Germany, someone like the chief scientist or technologist at BMW will also be tenured as a senior professor at the local university. Dual appointments create that physical bridge between business, academia and research institutions. My good friend and colleague Senator Cormann has been chairing the Australia-Germany Advisory Group. He has come back with quite a few ideas. I was speaking to Brian Schmidt, Vice-Chancellor of the ANU who was on the delegation. He is very keen to find ways to promote that collaboration so that we get that translational research going in which we get the good ideas and we find ways to fund them to their commercial potential in Australia. We do not want all of our ideas going offshore. We cannot commercialise them all here as we are not a
big enough market, but we can do more to commercialise our ideas in Australia. That is a challenge going forward.

We also need, as a parliament, to confront change in the industrial relations space. There is an interim Productivity Commission report which provides some ideas in that regard. It builds on the commitments we made in the campaign around reinstating a proper building and construction commission and also a registered organisations body to regulate employer and employee associations in a more transparent manner. In the case of industrial relations, it is not about throwing the baby out with the bathwater and saying, 'Everything is perfect, you don't need to change anything'. It is about intelligently debating where there are possibilities for change and recognising, in particular,—if we return to the case of small business—that small businesses do not have the human resource departments and they do not have the overheads to cope with dealing with some of these measures. That is why finding ways in which we can make it easier for small business to be part of the formal industrial relations system means that they resist the temptation to become part of the informal labour market. The more rigid you make the formal labour market the more you create incentives for people to try to do stuff through the informal labour market. We must never reach that stage. We must have a set of transparent, flexible rules which allow small business to meet its obligations in the industrial relations space in a way which also recognises its particular challenges. We also need to protect those people who want to be independent contractors, those who want to be tradies.

One of the biggest challenges that Paul Keating laid down to the Labor Party when he left was to gather unto it all those enterprise workers who he claimed had been created by his policies of opening the economy. And what happened? Labor turned its back on them. And those aspiring workers know that the natural home for them, in the years ahead, is on this side of the House. It is in the Liberal Party. We are the party of aspiration, we are the party of small business and we are the party for all those who want to get ahead.

Honourable senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Dastyari): Thank you, Senator Sinodinos, for your contribution. Just before Senator Lambie starts, I do remind senators that the senators will be heard in silence. Senator Lambie.

Senator LAMBIE (Tasmania) (13:05): I rise to contribute to the debate on the Tax Laws Amendment (Small Business Measures No. 3) Bill 2015, and also indicate that I will support this legislation without any reservations. This legislation will benefit all small businesses of Tasmania and other states, and therefore will increase the job security of their employees. It will also increase the profitability and prosperity of those businesses and will increase the likelihood that they will be able to grow, and employ more workers, and that can only be a good thing for Tasmania's and Australia's economy.

I will briefly outline the purpose of this legislation as summarised in the Bills Digest, and then I will use this opportunity to outline a policy which will also guarantee the profitability and prosperity of Tasmanian businesses. This bill amends the Income Tax Assessment Act 1997 to provide a five per cent tax offset capped at $1,000 per income year to individuals who run small businesses with an aggregate annual turnover of less than $2 million or who have a share of a small business income included in their assessable income, and it enables small businesses and individuals to immediately deduct certain costs incurred when starting up a
business. Amendments to the Fringe Benefits Tax Assessment Act 1986 extend the fringe benefits tax exemption that applies to employers who provide employees with work related portable electronic devices.

The Minister for Small Business, Mr Billson, in his second reading speech told the lower house on Wednesday 24 June 2015:

Small business is the engine room of our economy. The contribution of the hardworking women and men of small business cannot be understated. They account for 96 per cent of all Australian businesses. They employ over 4.5 million people and they produce over $330 billion of economic output each year.

And he introduced this legislation by saying:

This bill amends various taxation laws to provide tax relief and reduce red tape for small business. I have a better plan to provide tax relief, reduce red tape for Tasmanian small businesses, stimulate the economy and boost employment—namely, the establishment, the creation, of special economic zones in regional and rural areas to help boost business profitability and job creation.

As part of the special economic zone, I propose the effective removal of payroll tax from all our businesses. I acknowledge that payroll tax is a state tax and should have been removed when the GST was introduced to Australia. However, in a special economic zone, the federal government could reimburse any businesses which were forced to pay state payroll tax.

My research shows that the Tasmanian private business sector could employ approximately an extra 5,000 full-time workers on an average wage of $60,000 per year if our state government scrapped the payroll tax. The employment opportunities would soar and Tasmania's record unemployment rate of 6.7 per cent would come under serious attack if our politicians had the courage to scrap this unfair annual payment totalling approximately $340 million.

Official figures show that about half of all Tasmanian businesses, or approximately 2,400, are forced to pay payroll tax. In addition to all the other government taxes—income tax, provisional tax, fringe benefits tax, GST and stamp duty, and the list goes on—a business becomes eligible to pay the hated state government charge after its wages bill exceeds $1.25 million. For the average business, if more than 21 full-time workers are employed, that means your boss qualifies for the extra tax. Thanks for employing! It means that each year your employer must find between $14,000 and more than $100,000 in order to keep their doors open, keep Tasmanian workers in a job and pay this hated state government tax. The top 53 businesses in our state each year pay on average $2.5 million.

It is no wonder that the state payroll tax is called an unfair tax on employment. It is no wonder that, when combined with over-the-top freight and sea-travel charges, Tasmanian jobs are under threat and businesses are in jeopardy. A real solution to Tasmania's unemployment crisis is to make the state—the whole state—payroll tax free. There are 5,000 good reasons to scrap the tax: 5,000 new jobs which could immediately be created if the tax were scrapped. Scrap the tax! If you ask where the funds will come from to fill the payroll tax hole in the state budget, look to Australia's $4 billion to $5 billion annual foreign aid budget. Charity begins at home.

Australian politicians are scared of special economic zones. There has been some ad hoc provision of tax relief for selected companies but never a national coordinated approach. I call
on the Australian federal and state governments to stop the ad hoc granting of special economic incentives for certain companies and to develop an organised plan to establish special economic zones in rural and regional areas where the worst social indicators and unemployment rates are being recorded.

I acknowledge that, because of consistently high unemployment and falling business confidence, an economic zone which guarantees for all Tasmanian businesses (1) a payroll-tax-free zone, (2) dramatically reduced Bass Strait freight, vehicle and passenger charges and (3) the cheapest electricity and gas prices in Australia and indeed the world is the first essential step our state must take on a long journey to recovery.

My research through the Parliamentary Library shows that approximately 2,301 special economic zones in 119 countries have been very successful at stimulating financial growth, lowering unemployment and creating community wealth for a range of countries and communities, and they have been used as an important tool to remedy fiscal crisis. It is time to look at some of these examples.

In Great Britain, on 17 August 2011, Prime Minister David Cameron, Chancellor George Osborne and the Secretary of State for Communities and Local Government, Eric Pickles, announced the location of 11 new enterprise zones. These new zones were expected to generate 30,000 new jobs by 2015. Some of the incentives used to attract investment to the British zones were over 150 million pounds in tax breaks for new businesses over the next four years. As of 2012, some businesses operating within the enterprise zones in assisted areas were to be eligible for enhanced capital allowances available for plant and machinery investment. There was also a business rate discount of up to 275,000 pounds per eligible business over a five-year period.

In the US, like the UK, the US empowerment and enterprise programs involve a range of spatially targeted tax breaks and grants designed to encourage economic and social investment in disadvantaged areas. The federal government administers two such programs, the Federal Empowerment Zone, or EMPZ, and the Federal Enterprise Community, or ENTC, programs. As two researchers at Yale University, Busso and Kline, observed, the empowerment zones are:

… one of the few social welfare programs popular on both sides of the congressional aisle. In an era where non-entitlement spending on social welfare programs has been scaled back dramatically, the federal Empowerment Zone program has enjoyed rapid growth.

The state-run programs are called state enterprise zones, or ENTZ. These programs vary dramatically from each other. For example, some states may offer only subsidies for investment to business while others may also offer employment tax breaks. Some zones are only created in particular neighbourhoods while others cover hundreds of square miles. Federal incentives include businesses being eligible for a tax credit of up to 20 per cent of the first $15,000 in wages earned by each local worker they employ; $100 million per zone to be spent on training, emergency housing assistance and promotion of homeownership; and $2,400 in tax breaks for hiring local residents between the ages of 18 and 24.

Since the economic reforms of 1978, China has been setting up SEZs and providing them with financial, investment and trade privileges as well as encouraging them to test innovative policies that, if successful, could then be implemented in the wider economy. In 1980 the first SEZ was established in Shenzhen. It is often highlighted as a success story for turning a small
fishing village into a vibrant economic hub, which is now home to a number of high-tech companies. In 2003, the Shenzhen zone attracted US$30 billion in foreign direct investment, exported $48 billion worth of goods and directly employed three million people. In June 2012 The Economist reported that the zone would be further expanded to attract more modern service industries. The plan is to attract finance professionals, lawyers and accountants and to impose no income taxes on them.

In closing and in repeating my support for the legislation, I note that Parliamentary Library research indicates that, despite regular calls to create special economic zones in Northern Australia and in the Northern Territory, there have never been special economic zones—as formally defined—in Australia. It is now time to fix that problem and introduce special economic zones to regional and rural areas that are suffering from high unemployment and social disadvantage—meaning that Tasmania should be declared a zone today.

Senator RYAN (Victoria—Parliamentary Secretary to the Minister for Education and Training) (13:16): I thank those senators who have contributed to this debate. Small business is rightly said to be the 'engine room of Australia's economy'. Small business provides the goods and services that we use every day. It is difficult to count the number of times over the past day or week that you may have interacted with a small business. You might have purchased your morning coffee from a small business, as I am sure we in here all have at Aussies; travelled in a taxi or indeed used Uber, as I first did last weekend; or even had your hair cut. There are more of them than most people take into account: 96 per cent of all businesses are small businesses. These businesses and the people who own and run them serve the community by operating their businesses as best they can, and they do it well. They generate over $330 billion of Australia's economic output each year. However, there are a number of fixed costs associated with running businesses, and small businesses face a higher relative regulatory burden than larger businesses.

This government has announced a $5.5 billion package of measures to reduce the regulatory burden and increase the cashflow of small businesses. The Tax Laws Amendment (Small Business Measures No. 3) Bill 2015 introduces three more measures from this package, and follows on from the 1.5 per cent company tax cut and expanded accelerated depreciation measures for small business that were introduced in the Tax Laws Amendment (Small Business Measures No. 1) Bill 2015 and the Tax Laws Amendment (Small Business Measures No. 2) Bill 2015.

Schedule 1 of this bill will broadly mirror the benefits of the 1.5 per cent tax cut for small businesses. It will provide a five per cent discount for approximately 70 per cent of small businesses that are not incorporated, capped at $1,000 per taxpayer. This measure, along with the 1.5 per cent company tax cut, will ensure that all small businesses will be eligible for a tax cut, no matter how the business is structured. This measure will apply to income from businesses with an aggregated annual turnover below $2 million from the 2015-16 income year and beyond.

Schedule 2 will help to improve the cashflow of small businesses and reduce the regulatory burden imposed on these businesses. It will provide immediate deductibility of professional services for small businesses with turnover below $2 million. The costs of professional advice and payments made to government agencies will be immediately deductible instead of having
to be depreciated over five years. This measure will apply to expenses incurred from the 2015-16 income year and beyond.

Schedule 3 of this bill will benefit small businesses by reducing red tape within the fringe benefits tax system. It will expand the FBT exemption for work related portable electronic devices. The government has acknowledged that, with the development of new products and increasing overlaps in function, it is becoming increasingly difficult for employers to determine with certainty which devices can access the existing FBT exemption. With evolving technology being used for work purposes, the legislative provisions that allow for an FBT exemption for portable electronic devices and computer software have not kept pace. The government will remove the uncertainty that is stemming the use and availability of a critical tool of the trade for small businesses—that is, portable electronic devices. Therefore, under this bill, small businesses with an aggregated turnover of less than $2 million will be able to access an FBT exemption for all portable electronic devices that are provided for work purposes. This exemption will be available even if multiple devices with substantially similar functions are provided by an employer to their employee for work purposes. The new simpler arrangements will be easier for employers to understand, and as a result this bill will reduce red tape and compliance costs within the FBT system. Employers will no longer need to determine whether such items as a laptop or a tablet have substantially similar functions. This benefit will potentially increase in the future as the range of items such as smartphones or smart watches increase in use and function.

This bill reinforces the government's position that the tax system should not impede innovations by companies hoping to grow and to employ people. Reducing red tape and regulatory costs for small businesses is crucial, as they tend to face proportionally higher costs than larger businesses because of their inability to take advantage of economies of scale in understanding and complying with regulation. Moreover, small businesses typically have fewer resources with which to specialise in meeting their compliance obligations. To this end, removing and simplifying the FBT portable electronic devices exemption will provide proportionally greater benefits to small business. This change, which is estimated to initially benefit 30,000 businesses, will come into effect on 1 April next year at the beginning of the next FBT year. It will provide encouragement and certainty for small businesses to provide their staff with all the necessary tools to grow and build their business and to have a go. The government has listened to the concerns of stakeholders and is committed to making it easier to do business in Australia.

I had the privilege of serving as the shadow parliamentary secretary to the shadow minister for small business when the government was in opposition in the last term of parliament. It was an opportunity to travel right around Australia and to understand many of the non-economic factors that are so important to small business. One of the things that are often forgotten in this place is simply observed by going to any suburban sporting ground or any country football club. When you look around the hoardings that make those community organisations so important—it could be a Rotary club, a netball club, a soccer club, a rugby league club, a footy club—what you see are the small businesses of that community; what you see are the people who employ other people in that community. So often for so many of us our first opportunity in work is actually in a small business, as it was for me in a supermarket in Essendon pushing trolleys when I was 15 years old. What makes our community so
important are the small businesses that provide local leaders. So often you will find the local country fire authority. You will find the local head of the Rotary club, the school board president. You will often find they are local small business people—male and female.

Small business is not just an economic building block; it is the glue that holds many of our communities together. That is why these measures are so important from a community level. They will strengthen the sector that suffered so much under the previous government. One of the key statistics that is truly shocking from the previous regime is that, when the Howard government left office, more than 55 per cent of employment in this country was in small businesses. When the Abbot government came to office, it was near 45 per cent. That is not just a massive economic transition; that is a substantial social transition where so many fewer people are working for people they know, people they socialise with and friends. We are losing that personal connection in businesses in our community. That is something that this government is committed to turning around and, once again, seeing small business not just provide a first job, a job for our children or our friends but also provide opportunities for people in local communities, and so many of those local leaders.

I might just comment on a few of the observations made by the previous speaker, Senator Lambie. When it comes to special economic zones, they are in essence in Australia, when it comes to the states, unconstitutional. A number of people have proposed these over the years, including some of my friends. I happen to think they are not a very good idea. I do not necessarily like the idea that a government may decide to reduce the tax burden so dramatically in one part of the country. I do not think such powers are a good idea to place in the hands of any minister, lest they be at risk of patronage. But they are unconstitutional, and it is not necessarily possible. It is a bit like trade: it is possible to be better off when you do something small with one nation but it is better to be multilateral in trade outcomes and, where that is possible, that is the desired outcome. However, with special economic zones, there is the risk that you will see misdirected resources and, as I said, the growth of patronage, which is something this side of politics has always been particularly concerned about. As it is, special economic zones are not an option anyway. They are simply not an option for this parliament to be able to put forward.

When it comes to payroll tax, I agree with Senator Lambie. With the introduction of the GST and the property boom over the last 15 years, all our state governments have seen substantial increases in revenue and substantiation increases in own source revenue. Billions and billions of dollars have poured into state coffers, particularly from the property boom and things like stamp duty and land tax as well as from the GST legislated by the Howard-Costello government.

Sadly, the state governments have not used those increases in revenue to reduce the burden of payroll tax and, in particular, their real challenge with payroll tax in an economic sense is of course the thresholds where it cuts in at certain levels of payroll. If payroll tax was a flat one per cent across the economy, it would simply serve as a flat tax on income paid by the employer. It would not have any employment effect but, as it is structured at the moment where several states have narrowed the base and made it apply upon certain thresholds, it can have that factor. We have remained consistent since the GST was introduced on this side of politics that the states should be using the increases in revenue the GST provides and the massive increases they have had in own source revenue to reduce taxes and disincentives on
employment. I note some states have done that more than others, but it is a continuing challenge. With those comments, I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

**Third Reading**

**Senator RYAN** (Victoria—Parliamentary Secretary to the Minister for Education and Training) (13:26): I move:

That this bill be read a third time

Question agreed to.

Bill read a third time.

**Medical Research Future Fund Bill 2015**

**Consideration of House of Representatives Message**

Message received from the House of Representatives returning the Medical Research Future Fund Bill 2015 informing the Senate that the House has agreed to amendments Nos (2) to (20) made by the Senate; has disagreed to amendment no. 1 made by the Senate but has made an identical amendment in place of that amendment; and requests the reconsideration of the bill in respect of the amendment disagreed to and the concurrence of the Senate in the amendment made by the House.

Ordered that the message be considered in Committee of the Whole immediately.

*House of Representatives message—*

(1) Clause 5, page 7 (lines 4 to 7), omit the definition of *medical innovation*, substitute:

*medical innovation* includes:

(a) the application and commercialisation of medical research for the purpose of improving the health and wellbeing of Australians; and

(b) the translation of medical research into new or better ways of improving the health and wellbeing of Australians.

**In Committee**

Debate resumed.

**Senator RYAN** (Victoria—Parliamentary Secretary to the Minister for Education and Training) (13:27): I move:

That the committee agrees to the amendment made by the House of Representatives which is identical to Senate amendment (1).

**The CHAIRMAN** (13:28): When the Senate considered the government amendments to the bill, I made a statement indicating that amendment (1) would be dealt with as an amendment rather than as a request, in accordance with the precedents of the Senate in relation to these matters, a position which the minister at the table accepted.

Although, on some readings, the amendment in question may expand the purposes for which amounts may be paid from the fund, it does not affect the appropriation for the special account which is limited. There can be no increased appropriation as a clear, necessary and direct consequence of the amendment because the amendment does not increase the total
amount available under the appropriation. There is therefore no increase in any proposed charge or burden on the people.

Unlike a situation where an amendment results in higher expenditure under a standing appropriation—which the Senate has had no difficulty accepting should be dealt with as a request—this bill involves the creation of a special account to which a capped amount is to be credited. It is therefore not the same as an uncapped standing appropriation.

As I indicated at the time, the Senate has long followed the practice that only an amendment which 'clearly, necessarily and directly' affects an appropriation is regarded as an increase in a charge or burden on the people within the meaning of section 53 of the Constitution. Amending a bill to change the allocation of proposed expenditure and the purposes for which money is to be appropriated has long been considered to be within the power of the Senate, provided that the total proposed or available expenditure is not increased.

However, as the substitute amendment made in the House is the same as the amendment made by the Senate, it is suggested that the Senate can now agree to the amendment which it originally made.

**Senator MOORE** (Queensland) (13:30): Mr Chairman, I just want to be clear that, in terms of the first round of discussion, we agreed to this amendment. I listened very carefully to your explanation. My understanding is that this is a technical issue to amend the process so it fits within their rules. Is that right?

**The CHAIRMAN:** Yes. Yesterday the original amendment was put in the form of the request. After following normal Senate practice, that was changed to an amendment. The message from the House has not agreed to that amendment but put an identical amendment in its place and has now sent that here. I am just clarifying the position of the Senate in dealing with those matters.

Question agreed to.

Resolution reported; report adopted.

**Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015**

**Second Reading**

Debate resumed on the motion:

That this bill be now read a second time.

**Senator MOORE** (Queensland) (13:32): We often say in this place that we wish the government would listen to what the people are saying. This legislation shows that they listened, a bit, but they obviously did not hear what was being said. The bill before us has come back with a number of issues that were raised in this place 12 months ago around youth unemployment, the age of access to benefits and also the general process of young people who would be expected to have a higher rate of compliance before they would have access to any social security support or help.

The bill before us continues the Abbott government's attack on young people with the introduction of measures that will leave job seekers under 25 with nothing to live on for one month. Actually, it is more than that, because another part of the legislation ensures that there
is a general one-week waiting period. So we are not talking about a four-week waiting period; we are talking about a five-week waiting period before anyone under 25 who has no income and no employment turns to their government for support while they are seeking work. There will be nothing under this legislation.

The bill also says that the government is pressing ahead with the changes they have tried before, which is to restrict the amount of payment for young job seekers between the ages of 22 and 24 to the lower payment of youth allowance. That is a cut of at least $48 a week, which is almost $2,500 a year. The reason a person is on that lower payment is that they are under 25. That is what the legislation is going to do. The government is introducing a general, across-the-board, one-week ordinary waiting period for payments—for no reason other than that they can. That seems to be the explanation: they can and so they will introduce a standard one-week waiting period.

The other element of the bill is the removal of the low-income supplement, which Labor are supporting. The other components of this bill Labor are opposing. We will be moving an amendment later that will attempt to split the bill around the element of the low-income supplement—which received very little comment in the Senate Community Affairs Committee inquiry and also not a lot of feedback. We are saying that that is a saving. It is a saving to a payment that has not been used. It was linked originally to the introduction of the carbon tax so there is no longer a need for it. In terms of the process, we will support the low-income supplement component of the bill should it be removed from the other elements.

What we have is a reintroduction of a number of issues around why young people should have a tougher entry into access to social services support than anybody else. One of the clear issues that came out last year when there were attempts to make these changes—and again this year—was: what is the evidence that this will work? It will work on one level, because there are significant savings to the government. No-one denies that there will be savings to the government from this piece of legislation. If that was the intent of the legislation, at least it would be straightforward. But it is not. The government has gone to great lengths to say what the intent of the legislation is, and that is to stop young people getting an entitlement.

In terms of the process, we have from the minister and also from the department one of my favourite quotes from the parliamentary committee that looked in detail at this legislation—and I believe there is nobody in the chamber except for Senator Siewert and I who were at that committee to hear what people were saying about the legislation. It is, ‘The decisions were decisions of government to apply the four-week waiting period.’ That was after what I believed was extensive consultation on the previous year’s budget measure, which was a six-month waiting period. Following that consultation, the government has decided to apply a four-week waiting period. So the background to the four-week waiting period is that it was a government decision.

We know that the government was listening to people because this is the one element of the bill that has changed from last year to this year. As you would remember, Acting Deputy President Lines, the element of the bill that was rejected by the Senate last year was a six-month waiting period—not just once but in a rolling way—for young people under 25 who did not have unemployment. The government actually listened and heard that the community did not support that piece of legislation; more so, the Senate, which represents the
community, rejected that piece of legislation. On that point, I should congratulate the department and the government because they did hear that message.

However, what they did not hear was that there was a need for people to understand the rationale, the evidence, as to whether this type of punitive approach, particularly and exclusively to young people, has any resultant benefit. Does it give them any greater support or any strength? Most importantly, does this punitive approach encourage and support young people into employment? What we have consistently heard is that the intent of the process is to ensure that young people are not left in unemployment. So we asked the numerous people who appeared before our committee and the numerous community organisations that work on a daily basis with young people who are seeking work, who are studying, who are buffeted by the effects of their families and homelessness. The committee asked, 'Please, tell us the evidence that actually justifies this piece of legislation?' There was none. Not one skerrick of research was provided that could be put before the Senate, put before the community and put before the young people who are going to be impacted by this change that could explain that this will actually engage them in employment and support them. The only justification I have heard is from the minister who is quoted as saying, 'You don't want to see young people going directly from school to the Centrelink office, or the Human Services office—whatever the right definition is now; we know which office it is. That is the only reason.' The basis on which we asked the department was 'What support would the young people get?'—the young people who were going to be seeking employment, which was the intent of the government. It is twofold. Under this legislation, they will not receive any payment. But they will be expected to fulfil a range of job engagement processes, none of which we have any problem with. We want young people to be engaged in the system so that they can see the support, interact and build up their skills. They will be required to take action to seek work, to turn up for training, to be involved and to make themselves available for different opportunities, which is fair. At the same time, they will be removed from receiving any kind of supportive payment that could be used for things that we take for granted—housing, food and transport. Transport is very important if you are looking for a job and if you have to get to an interview, get to training or get to the department that is going to provide information about employment. No, somehow that money is not going to appear.

We were told that there would be an expectation that there would be some family support. We have young people without work who have left school or study, or lost a job, and the expectation is that until they reach the age of 25 they will be reliant on their families to support them for a full month. I do not think that that is a fair expectation for them or their families. If they are genuinely seeking employment, if they are genuinely making themselves available for employment, they should be able to rely on the social welfare system to provide them with the appropriate supportive payment. This bill exclusively takes out young people from all the people who are looking for a job.

The committee talked to the department about the different groups that this would apply to. When the previous bill came before the chamber last year, we talked about a range of young people with special needs. The department listened to some of the information put forward there and a number of exclusions will pick up some of the issues from before. We respect the fact that the government has looked at exclusion processes. But after those exclusions are removed, we still have a large number of young people—and the figures are difficult to
obtain—who will be without employment, and without any financial support to find some way to get a job.

We asked a lot about how many jobs there were and we got varying responses to that. I did ask the department about the job creation activities that the Department of Employment was involved in for young people. Most people who gave evidence to the committee acknowledged some of the things that happened in the last budget which looked at creative ways to engage young people with the system. There is a focus on young people and there are a number of specified programs around young people with mental health issues. That was a particular concern of a number of submitters to the inquiry. However, the job supportive programs are for a very small number of people. I applaud the fact that the government has introduced them, but the specialist job support for young people with mental health illnesses will go to 200 people around the country. We know from the evidence before the committee that that will not meet the needs of the special health that is required.

We asked a number of times, 'Why is it that taking any kind of support away from a young person gives them any greater ability to seek employment?' The answer was, 'It was a government decision.' That was the answer as to why this particular program was coming back to the Senate and why the under-25 age rate was coming back to the Senate. We are not quite sure why people under 25 should get a lower payment, except that they can. There was no evidence about why the age group between 22 and 25 would now receive a lower payment under this legislation. There was no justification for that one at all.

The other one was the standard waiting time of one week for a range of payments. What was discovered in the discussion we had with the department at our inquiry was that there was a new threshold to prove that you needed an emergency payment, so that you were able to be excluded from the one-week waiting period. That is on top of all the thresholds that are now in the system. Anyone seeking an emergency payment though the social security system would know that it is not an easy thing to do. You have to prove your financial process. You have to prove what earnings you have had in the last month. You have to prove a whole range of things to indicate that you need support. Under the new process there is a new test, which is to prove that you are in personal hardship. We do not know what form that test will take, because that is going to be in a regulation which of course we have not seen yet. But we know that there is going to be a new jump that people have to overcome if they are not going to serve the one-week waiting period.

Again, the department went through a range of exclusions for special circumstances—which have always existed. There have always been exclusions, but they have considered that in terms of the impost on people who would be claiming. That is part of the whole process. But we say that these pieces of policy do not serve their purpose. The purpose they were engaged to serve was to have people be able to get employment. They do not serve that purpose. It is only because the government can do it and because it actually harvests significant savings. We believe that it is unfair and harsh.

A number of the people who came to our committee talked about their fears about what could happen. From the Brotherhood of St Laurence:

[A] period of four weeks without income support continues to have potential for harsh unintended consequences that will be borne hardest by those young jobseekers who do not have financial support of their families.
ACOSS, who gave detailed evidence and continues to work in the community around the issues of poverty and hardship, said:

The only outcome that will be the result of this kind of proposal is to place more young people into financial hardship.

The National Welfare Rights Network, which has specific knowledge of the impact of social security legislation—I have worked with them over many years and they are truly expert about the way the system operates—said:

… the most disadvantaged members of our society should not be the catch-all for efficiencies and cost savings.

The government heard what the Senate said last year about the attempts to bring in a special income assessment for young people. The Senate said it was not fair and we did not like it. The government heard what the Senate said about the then proposed rolling six-month waiting period, which thankfully has disappeared from whatever dream that came from. The government knows that people reject this tactic for making savings. The community does not want to have people punished with a facade in terms of saying that this will make them stronger and make them seek employment better. That is the kind of curtain that has been held over the justification for the process. But the community does not accept that this is the best way to engage with people who have significant need. There are programs in place that can give people confidence and support and engage them in the system. We all support that. Every witness who came to the inquiry supported efforts from the government to make sure that people become job ready and job confident—not one element of rejection for any of those programs. What the rejection focused on was the way the system is being used to punish people and to withdraw them from financial security, because you need to have financial security and you need to have respect.

I began by saying that we as a community expected that the government would listen. The legislation indicates that they can listen, they can make changes, but the end result is that they do not want to. They do not want to change. They have a philosophy that these young people can be punished to make them stronger. That is just not the way it works. It does not work. It actually forces people out of the system. That is one of the sadnesses that we have. One of the outstanding issues that we have in our community is the number of people who need help from the government, their government, and who do not seek it because they self-select out of the system because they are afraid, they are frightened, they have had bad experiences and they lack confidence. This is not the way to engage people into the system.

We respect the intent of the government to ensure that people have options to seek employment. That is a shared expectation of everyone in this chamber. However, Labor rejects the legislation in front of us. We reject the ordinary waiting periods of one week and the extra burden to prove financial hardship. We reject the age requirements for various Commonwealth payments for people under 25. We reject absolutely the four-week waiting period if you happen to be under 25. We ask the government to listen again to the people who are prepared to work with you; listen to the people who have at heart the best interests of the young people within their area and have proven that by working with them for generations; listen to the people who want to be involved in making sure there are work opportunities. Listen to them when they say that this process is wrong and it will not work, and listen to them when they say they want to be involved. As I have said, we are prepared to accept the
low-income supplement being removed in this legislation. Should the government accept the amendment, moving forward we will be supporting that element. But we do not support the rest of this legislation.

**Senator SIEWERT** (Western Australia—Australian Greens Whip) (13:52): I rise to make a contribution to this debate on the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015. This bill represents yet another attack by this government on some of the most vulnerable members of our community and particularly young people. The government continues to come from the position that young people can easily find a job. I have told the chamber of the many occasions when young people have said to me, 'I was one of 1,000 people who applied for a job in my local area,' or 'I was one of 600,' or 'I was one of 250 who applied for an entry level position.'

We also have the situation where graduates are applying for entry level jobs such as as a receptionist or in office management—positions that do not use their skills—because they are so desperate to work. Young people have spent three or four years trying to get a university education. Does the government think that suddenly they do not want to work? Most of them have in fact been trying to work and study at the same time just to be able to survive and support themselves while they were studying. It is a complete fallacy to suggest that young people are just sitting on the couch at home not caring about work.

**Senator O'Sullivan:** Nobody has suggested that. That has not been suggested.

**The ACTING DEPUTY PRESIDENT (Senator Lines):** Order on my right!

**Senator SIEWERT:** They clearly want to work. They do not need to be dropped into poverty for four weeks—to try to survive and go into debt—which is what the government is suggesting, to motivate them to find work. Through this measure, young people are going to be held off income support for four weeks. But it is actually really five weeks, because the ordinary period will still be there. So they will be held off income support for five weeks. They will end up in debt, and we know that debt is yet another barrier to finding employment. The evidence shows that debt is another barrier and one of the biggest obstacles to gaining employment.

This bill includes some of the cruelest measures from the budget. It takes a billion dollars out of our social security system at the expense of those on low incomes and our most vulnerable. We will not support this bill, no matter how many times the government bowls up these cruel measures which will force people off income support or not allow them onto income support. The evidence shows that that it is not the way to get people into work. It is not a punitive approach that is needed here; what is needed is a supportive process that works with people to find employment.

Some of these measures are straight from the original bills that either were voted down or the government very sensibly took off the agenda. The government saw that there was not a snowflake's chance in hell of getting the six-month on and off income support measure through the Senate. But they just cannot let go of the waiting period. They cannot let go of the punitive approach. They have to be there punishing people and being seen to be tough on people on income support. Is part of it so they can say, 'There are fewer people on income support?' Is that part of it? Clearly Australians said no to the government. They said, 'No; we don't support these cruel measures that attack our most vulnerable.' So the government think
they can come back in here and keep young people off income support for five weeks. I suppose that is so they can feel that they are still doing something to punish Australians.

We have held two inquiries into these measures and both times the community organisations and submissions have overwhelmingly said, 'These measures are cruel and they will not work. Extending the ordinary waiting period for more vulnerable members of our community will cause them greater hardship. Tightening up the financial hardship provisions will cause greater hardship.' And the government says, 'Oh, don't worry; there are exemptions and there are provisions for domestic violence.' But, as was very sensibly pointed out to the committee, some women do not report straightaway; it takes quite a period of time sometimes for women to manage to be able to take action.

But, of course, the most important measure here is the four-week waiting period. The government says that it is based on New Zealand. Well, it is not. They do not enforce the 20-day waiting period. Even if they did, they actually give back pay. They have a much more sophisticated approach to the way they are supporting people to engage with employment. And they are putting in place a social investment framework that matches the work they are doing on social security reform. That is a critical bit. Our government are not doing that; they are just saying, 'New Zealand does it and it works.' In fact, the committee heard very clearly from the department that there is no evidence that this sort of measure works anywhere. I asked, and the department had to admit that the evidence is not there to show that keeping young people, in particular, off income support works. Nowhere could they point to the evidence. All we have is the minister saying that New Zealand does it. Maybe he needs to go to New Zealand and actually look at what they are doing in New Zealand— because they are not forcing young people to wait for five weeks before they get income support.

The government also says, 'It's okay; we've got exemptions,' and— get this— 'It is only between 75,000 and 80,000 young people that we are forcing off through this measure.' So apparently it is okay to push 75,000 to 80,000 into poverty— because that is what this measure means. Overwhelmingly, the committee was given evidence that this would not work. It was also explained to the committee that many young people do not disclose when they first go into Centrelink and so in fact may not be picked up. Some are interviewed over the phone before they are categorised. There are so many flaws in the current system that this will inevitably cause damage to young people. Instead of the outcome the government wants, for people to find work, dropping them into debt, setting them back and providing another barrier to work could have the reverse outcome, where people are stuck on income support even longer— because, through this measure, they have caused damage and people have been forced into poverty.

Debate interrupted.

QUESTIONS WITHOUT NOTICE

Employment

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:00): My question is to the Minister for Employment, Senator Abetz. Is the minister aware that, yesterday, 26 workers at ASC in South Australia were sacked by phone and text message? If so, when did he first become aware of that?
Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:00): In relation to the question that I have just been asked, I can indicate that I am not aware of the full details. I will take that on notice to ascertain whether the matters contained in the honourable senator's question are, in fact, factual.

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:00): Mr President, I ask a supplementary question. Does the minister consider that sacking ASC workers by text message is: 'an appropriate methodology', just like he did at Hutchison Ports?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:01): That is the reason why I did not accept the basis of Senator Wong's first question, which she has followed up with a second question which is demonstrably false. It follows on from that which Senator Cameron tried to do the other day, by only quoting part of what I said to the media. As a result of Senator Cameron's antics, even Peter van Onselen gave him the wooden spoon for question time, because I was able to expose the falsehood of the assertion made in Senator Cameron's question. That question is now being followed up by Senator Wong. I said no such thing—what I did say was that it was important that employees and employers regard each other with due respect and treat each other accordingly. (Time expired)

Senator WONG (South Australia—Leader of the Opposition in the Senate) (14:02): Mr President, I ask a further supplementary question. How many other Australian workers will face the sack by phone, text message and email before this employment minister acts in the interests of Australian workers?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:02): As the honourable senator knows, if it is lawful to dismiss people in this manner, it is as a result of Labor's own Fair Work Act. If it is illegal, then that is a matter to be determined—as I have always said—by the independent umpire, the Fair Work Commission. These matters need to be ventilated and resolved in the Fair Work Commission, not by the sort of partisanship that we have witnessed from Senator Cameron and Senator Wong.

National Ice Taskforce

Senator O'SULLIVAN (Queensland—Nationals Whip in the Senate) (14:03): Might I take a slight indulgence in congratulating my bench partner for having received a letter from Her Majesty the Queen. But that is not the purpose of rising.

The PRESIDENT: To the question, Senator.

Senator O'SULLIVAN: My question is to the Assistant Minister for Health, Senator Nash. In Queensland the drug ice is having a crippling effect throughout so many communities.

Senator Cameron: Mr President, I rise on a point of order. The clock did not run from all of the nonsense this guy was talking about.

Honourable senators interjecting—

The PRESIDENT: Order! In relation to that matter, Senator Cameron, the clock normally starts when the identity of the minister is known. However, I will ask all senators—including
Senator O'Sullivan—not to make preamble remarks prior to addressing a question to a minister. Senator O'Sullivan, would you like to commence your question again, and we will start the clock?

MINISTERIAL ARRANGEMENTS

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:04): by leave—I thank the Senate for the indulgence, I did have this ready to go at the beginning of question time, and I apologise to the Senate. I advise the Senate that the Minister Assisting the Prime Minister for Women, Senator Cash, will be absent from question time today as she is representing the government at the World Netball Championships in Sydney. In Senator Cash's absence, Senator Payne will take questions in the portfolios of Minister Assisting the Prime Minister for Women and of Immigration and Border Protection. Senator Birmingham will represent the Minister for Infrastructure and Regional Development. The Minister for Indigenous Affairs, Senator Scullion, is also absent as he is on ministerial business interstate. Senator Payne will represent his portfolio in his absence. I thank the Senate for the indulgence.

QUESTIONS WITHOUT NOTICE

National Ice Taskforce

Senator O'SULLIVAN (Queensland—Nationals Whip in the Senate) (14:05): My question is to the Assistant Minister for Health, Senator Nash. In Queensland the drug ice is having a crippling effect throughout so many communities. Can the minister advise the Senate of the recent work of the National Ice Taskforce, headed by former Victorian police commissioner, Ken Lay?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:06): I thank Senator O'Sullivan for his question and for the hard work he is doing on this issue, as are many of my other colleagues, including in this place particularly Senator McKenzie and Senator Smith.

Sadly, more Australians are being touched by this devastating drug each day. I am pleased to advise the chamber that the interim report from the ice task force was recently presented to COAG by the Prime Minister, looking to form a national ice strategy. The task force, led by former police commissioner in Victoria, Ken Lay, and supported by Professor Richard Murray and Dr Sally McCarthy, consulted extensively across the country with experts and with community groups and received around 1,200 written submissions that have been taken into account in preparing the interim report. There is no single approach to tackling this drug, but the task force has identified six key areas to guide work toward the development of the National Ice Action Strategy, which include focusing on law enforcement actions, looking at primary prevention, looking at early intervention and treatment and rehabilitation services, supporting local communities to respond to this issue, improving tools for front-line workers and looking at research and data.

In regard to law enforcement, new laws which passed the House of Representatives yesterday will crack down on middlemen and drug couriers bringing precursors into the country to make ice. Legislation was also changed to manage the proliferation of dangerous synthetic drugs at our borders and today the Prime Minister and Minister Keenan also
announced funding totalling $18.2 million on a range of initiatives to bolster the fight against the ice scourge, with its money going to the Australian Crime Commission to further strengthen its crime-fighting capabilities. This is not an issue just for the government; we must deal with this with states and territories and local communities.

Senator O'SULLIVAN (Queensland—Nationals Whip in the Senate) (14:08): Mr President, I ask a supplementary question. Will the minister advise the Senate how the Australian National Advisory Council on Alcohol and Drugs will continue to support the government in tackling the scourge of ice?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:08): The Australian Crime Commission has reported that organised crime is making huge profits from the misery of ice use in our communities. There are very concerning trends, including the increased availability and use of ice where the drug previously has not been prevalent, particularly in our rural and regional and in our most disadvantaged communities. It has been made a matter of priority for ANACAD that they look at the issue of ice and the council has been working in close conjunction with the national task force. The members of the advisory council, very ably chaired by Kay Hull AO, are all experts from a wide range of areas including law enforcement, drugs and alcohol, Indigenous health, mental health, research and policy, and they will provide a broad range of expertise on this very important issue. It requires a whole-of-government response and ANACAD is providing invaluable advice to the government.

Senator O'SULLIVAN (Queensland—Nationals Whip in the Senate) (14:09): Mr President, I ask a further supplementary question. I thank the minister for her answers. Can the minister update the Senate on the government's ice community forums and on what local communities are saying to her about this devastating drug?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:09): I have travelled the length and breadth of the country and one thing has become very clear: ice does not discriminate. It affects old people, young people, rich people, poor people, business people and people from all walks of life in our communities. Minister Keenan and I have held consultations across the country and even in the senator's great state of Queensland I recently held forums in Rockhampton and in Cairns. Listening to the people out in the communities has been absolutely vital in forming our government response as being a part of the national ice action strategy. What has also become clear is that we cannot arrest our way out of this problem. Law enforcement is a very important part of tackling this issue but it is certainly not the only way and it is across a whole range of issues. We need to look at education, we need to look at treatment and rehabilitation services and with all levels of government we will need bipartisan support. (Time expired)

Royal Commission into Trade Union Governance and Corruption

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:10): My question is to the Attorney-General, Senator Brandis. Can the Attorney-General confirm that Commissioner Dyson Heydon, the head of the Abbott government's royal commission into trade unions, was scheduled to headline an $80-a-head, Liberal Party fundraiser at the Castlereagh Boutique Hotel in Sydney on 26 August 2015? Can the Attorney-General confirm that all funds raised by Commissioner Heydon at the Liberal Party fundraiser on 26 August were to be dedicated to election campaigning by the New South Wales division of the Liberal
Party? When did the Attorney-General become aware Commissioner Heydon had accepted the invitation to raise funds for the Liberal Party?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:11): Senator Conroy, I am aware that the royal commissioner, Mr Heydon, was schedule to deliver the Garfield Barwick address at a function arranged by the New South Wales Legal Practitioners Branch of the Liberal Party. That function is a public function; it is not a political function. Senator Conroy, the fact that it is inconceivable to you that a function organised by people from the Liberal Party could be anything other than a purely political function shows the one-dimensional world in which you live. Let me give you an example.

Opposition senators interjecting—

The PRESIDENT: Just a moment, Attorney-General. Pause the clock. Senator Conroy, you have asked the question. You have been interjecting, as has Senator Carr. The Attorney-General shall be heard in silence. I will not call him until you are silent.

Senator Lines interjecting—

The PRESIDENT: Order! Senator Lines, that applies to you, too.

Senator BRANDIS: Senator Conroy, do you know who gave the Sir Garfield Barwick address last year? The Hon. Murray Gleeson, a former Chief Justice of Australia and a former Chief Justice of New South Wales. The fact that this function was organised by members of the New South Wales bar, associated with the Liberal Party, is hardly the point. And frankly, Senator Conroy, for an $80-a-head dinner in Sydney, it would not have been much of a fundraiser. In any event—

Senator WONG: He is running the royal commission.

Senator BRANDIS: Senator Wong, I think it is a good thing that political parties on occasion invite eminent Australians to them. I think it is a good thing for a political party to provide a platform, particularly branches of political parties that operate within professions to provide a platform—

Opposition senators interjecting—

The PRESIDENT: Order! Pause the clock.

Senator Ian Macdonald: Mr President, I rise on a point of order. I am not two metres from the minister and I cannot hear him over the screeching of Senator Carr, Senator Conroy, Senator Lines and the Leader of the Opposition. Could you ask either Senator Brandis to speak up or can you shut up those who continually screech?

Senator Cameron interjecting—

The PRESIDENT: Senator Cameron, let us have a little bit of order.

Senator BRANDIS: I think it is a good thing that political parties sometimes do provide platforms for eminent Australians to deliver addresses.

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:14): Mr President, I ask a supplementary question. Why did today's statement from the royal commission say that Commissioner Heydon would not raise funds for the Liberal Party, at
least while he is in the position of a royal commissioner? Does commissioner Heydon plan to resume fundraising for the Liberal Party once he delivers his partisan report?

*Opposition senators interjecting—*

The PRESIDENT: Order! Senator Carr!

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:15): Senator Conroy, in your usual dishonest manner, you have misquoted what Mr Heydon said. Let me read you Mr Heydon's statement in its full:

As early as 9.23am this morning (and prior to any media enquiry being received) he advised the organisers that 'if there was any possibility that the event could be described as a Liberal Party event he will be unable to give the address, at least whilst he is in the position of royal commissioner'.

That is what Mr Heydon has done. That is a very proper thing to have done. It is not at all unusual, Senator Conroy, for eminent Australians, including eminent jurists, to address political events. I happen to have in my hand an invitation to the seventh national conference of the Society of Labor Lawyers for an address delivered by the Honourable Justice Michael Kirby, President of the Court of Appeal of New South Wales—a sitting judge. Do you say that was wrong, Senator Conroy? *(Time expired)*

Senator O'Sullivan: How embarrassing!

The PRESIDENT: Order on my right! Senator O'Sullivan!

Senator CONROY (Victoria—Deputy Leader of the Opposition in the Senate) (14:16): Mr President, I ask a further supplementary question. Given that Commissioner Heydon can no longer pretend to act impartially, when will the Attorney-General ask him to resign his royal commission?

*Opposition senators interjecting—*

The PRESIDENT: Order on my left!

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:17): Senator Conroy, I would not expect you to know this, but Justice Dyson Heydon is one of the most eminent and respected lawyers in this country. You are, in your customary manner, smearing and besmirching the reputation of a man with a stainless reputation for impartiality and integrity—a man who has been a Justice of the High Court of Australia; a man who has been a member of the New South Wales Court of Appeal; a man who has been a leader of the New South Wales bar—

Senator Conroy: He is a Liberal Party stooge!

The PRESIDENT: Senator Conroy!

Senator Brandis: He is a man whom every person in the legal profession in this country knows is a person of absolute independence, fierce independence, and complete impartiality. I would not have expected you to know, but I would have expected better of the shadow Attorney-General, Mr Dreyfus, who should know that, who does know that, but nevertheless chose to take the low road in smearing this eminent Australian.

Senator Cameron: He is a political puppet! That is what he is.

The PRESIDENT: On my left!
Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (14:18): My question is to the Minister representing the Prime Minister, Senator Abetz. Given confirmation by the Prime Minister today that he is in active talks with the United States government about Australian military engagement in Syria, firstly, is it appropriate to announce Australian military intervention into the horror of the Syrian civil war by leaking the proposed deployment to a tabloid newspaper? Secondly, can the minister provide any evidence that such a deployment would be legal under international law?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:18): What the honourable senator is seeking to do by the assertion that there was a leak to a tabloid newspaper is something that I will not accept, of course.

Senator Ludlam: They can predict the future can they?

Senator ABETZ: The Leader of the Greens interjects and asks, 'They can predict the future, can they?' We have often seen leaks in the newspapers that make for a great headline but an even better fish and chip wrapper the next day. I would invite the honourable senator to see exactly what develops in this very sensitive space. We know that in relation to Syria there are certain issues that require sensitivity. In all this discussion, what is the aim of the world community? It is to destroy the death cult—something which, unfortunately, Greens senator after Greens senator has opposed by some very bizarre questions in this place. Again, I would like to place on record that the Daesh death cult, ISIS, is a manifestation of a very evil body of men, and I can say men in this case—

Senator Ludlam: Mr President, I raise a point of order on relevance. Through you, Mr President, Senator Abetz, you can avoid the leak question if you like. I asked a fairly black and white question to relevance as to whether the deployment would be legal under international law and what evidence Senator Abetz has to back that case.

The PRESIDENT: Thank you Senator Ludlam. Senator Abetz has 31 seconds left. He has been answering the first part of your question, and I will remind Senator Abetz of the question.

Senator Abetz: In relation to the hypothetical, the only purpose that we would be doing anything would be to help destroy this evil cult. Government senators interjecting—

Senator ABETZ: Regrettably, I only hear 'here, here!' from the government side. I would have thought the Greens might have been able to agree to that for once. In relation to legal advice, the government rarely makes that available, as is well known.

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (14:21): Mr President, I ask a supplementary question. The UK Prime Minister, David Cameron, has said he would seek support of his MPs to begin bombing raids in Syria, and it is interesting to note that when Westminster last voted on the question, in 2013, they voted 'no'. Will the government commit to bringing any deployment proposal into Syria before this Australian parliament before the ADF is committed to involvement in Syria?
Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:21): This is a question that the Greens ask with a degree of regularity, and it is good to see they are at least consistent on one policy position, and that is that they do not seem to support any action against this evil death cult. It is well known that in Australia we do not bring these matters before the parliament before the event that there are occasions when the parliament is opened up for particular discussions and reports by the Minister for Defence, and that statement is then debated in this place and in the other place. I recall this happening on numerous occasions, irrespective of who was in government, and we believe that that is the appropriate way for these things to be managed.

Senator LUDLAM (Western Australia—Co-Deputy Leader of the Australian Greens) (14:22): Mr President, I ask a further supplementary question. Senator Abetz—through you, Mr President—what commitments have been made by the Prime Minister to the United States already with respect to involvement of Australian military forces in the Syrian conflict, and is this not the very definition of open-ended scope creep, as we predicted a year ago?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:23): First, I reject the description and the statement that was asserted by Senator Ludlam in his question. Can I simply say that this is an evil death cult which has ramifications all around the world, including in Australia, and we do need to take decisive action. What that decisive action may or may not mean will be determined by us as to what is in the national interest and in the international interest according to the rule of law. Can I tell you one thing: the death cult have never abided by the rule of law, and we see their behaviours around the world as evil. Senator Ludlam shakes his head. If he thinks beheading on video and children holding the head are something that is not to be fought and not to be condemned then we are on a different page.

(Time expired)

Shipping

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:24): My question is to the Minister for Employment, Senator Abetz. I refer to the Abbott government's plan to deregulate Australian coastal shipping. Can the minister confirm that the government's own cost-benefit analysis shows its plan would see four of the six ships currently carrying non-bulk cargo across Bass Strait sack most of their Australian workforce and replace them with majority foreign crews paid at Third World wages?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:24): The short answer to that question is no. What I think most Australians realise is that, since the Labor Party and Green majority in this Senate forced legislation through this place in 2012, the actual amount of shipping undertaken by Australian-owned shipping has reduced by 64 per cent. That is under Labor's legislation. And do you know what that legislation was designed to do? It was to protect, boost and build the Australian coastal shipping service. Instead what we have witnessed is a further and even more rapid decline, as a result of which we now have truck after truck running up and down the Pacific Highway and across the Nullarbor Plain because it is so much cheaper to move products by truck than by ship. Most Australians would prefer to see our product being moved by ship rather than by trucks on our highways.
As I have said on a previous occasion, the shipping of sugar product from Bundaberg to Melbourne for the confectionery sector—just the shipping cost—costs more than the product and shipping it from Thailand to Melbourne. If you are concerned about Australian jobs, and especially onshore Australian jobs, you would seek to ensure that the coastal shipping service in this country is a lot better run than it has been since the 2012 forced through this place by the Labor-Green majority.

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:26): Mr President, I ask a supplementary question. Can the minister advise the Senate how many Tasmanian seafarers will lose their jobs as a result of the government's plan to deregulate Australian coastal shipping?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:27): As Senator Urquhart ought to know, shipping, especially across Bass Strait, is a costly business. It is one of the most expensive stretches in the world to ship a product across. As a result, it is prejudicing onshore Tasmanian jobs. The manufacturers and agricultural producers are finding it more difficult to get their product to world markets. Why? Because direct international shipping services to Tasmania are no longer continuing, because of Labor's 2012 coastal shipping changes.

Senator WONG: Mr President, I rise on a point of order on direct relevance. Perhaps the minister, in the last 15 seconds, could answer the question, which was: how many Tasmanian seafarers will lose their jobs as a result of this government's plan to deregulate coastal shipping?

The PRESIDENT: Thank you, Senator Wong. I will remind the minister of the question.

Senator ABETZ: Clearly the Labor Party does not want to hear about the onshore jobs that are being prejudiced by the ridiculous changes forced through this place by the Labor Party and the Greens. As far as we are concerned, there should be no job losses. (Time expired)

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (14:28): So the minister does not want to tell us how many jobs will be lost. Mr President, I ask a further supplementary question. Can the minister tell us: why is this minister more committed to delivering Work Choices on the waterfront than standing up for Australian jobs?

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (14:28): It is all a bit sad, isn't it? This place is going through the farce of a Senate inquiry into this legislation. This particular piece of legislation is currently before the Rural and Regional Affairs and Transport Legislation Committee, with submissions due by 21 August 2015. We now know that every single Labor senator has already—

Senator Moore: Mr President, on a point of order, I believe the minister is actually referring to a committee which is sitting at the moment and a committee activity which is taking place at the moment.

Senator ABETZ: Mr President, Senator Moore should have taken that point of order on Senator Urquhart because she was asking questions about our legislation which is currently...
before the Senate committee. I thank Senator Moore for proposing to you that you should rule the question out of order, and I will join Senator Moore in inviting you to do so.

**Senator Wong:** Mr President, I raise another point of order. The minister was asked the question, 'Why is this minister more committed to delivering Work Choices on the waterfront than standing up for Australian jobs?' and he is talking about a committee. How can that possibly be directly relevant?

**The PRESIDENT:** On the point of order, Senator Abetz.

**Senator ABETZ:** Mr President, on the point of order, it is very clear that the assertion in the primary question was that it was our legislation that was going to develop this, and that is what I am responding to.

**The PRESIDENT:** Order! On the points of order, firstly, Senator Moore, there is no point of order because that standing order refers to the Committee of the Whole, not to committees. Secondly, on the other point of order, Senator Wong, that you raised in relation to relevance, I will inform the minister of the question and advise him he has 34 seconds in which to answer.

**Senator ABETZ:** This policy of the government, which is now in the legislation, is currently before a Senate committee. Submissions close on 21 August. We now know that every single Labor senator has already prejudged and therefore anybody who comes before the committee will not get a fair hearing from Australian Labor Party senators because they have come in here with a fixed mind and they will not be providing the sort of independence and open mind that Senator Conroy was saying was so important. *(Time expired)*

**Shipbuilding Industry**

**Senator XENOPHON** (South Australia) (14:31): My question is to the Attorney-General, representing the Minister for Defence. In the last 24 hours, another 140-plus job losses have been announced in the naval shipbuilding sector: 128 at BAE Systems in Williamstown, in Victoria, and another 26 at ASC in Adelaide. This brings a total of over 1,200 jobs lost in Victoria, South Australia and New South Wales, at Forgacs, and many hundreds more job losses are predicted in the coming 12 months. Naval shipbuilders have said repeatedly that excluding Australian naval shipbuilders from the $2 billion naval supply ship tender is damaging. In light of this, will the government reopen or reconsider the tender that is currently limited to South Korea and Spain and allow Australian companies to compete?

**Senator BRANDIS** (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:32): Thank you very much, Senator Xenophon, for that question, and thank you for your customary courtesy in giving me advance notice of the question. Whenever a job is lost, and particularly when a job is lost in the shipbuilding industry, that is a matter for regret. It is also a matter for people to take responsibility for, and you know, Senator, as we all know on this side of the chamber, that the reason why the Australian naval shipbuilding industry has faced what has been commonly described as a ‘valley of death’ is that, for six years, the Labor Party when in government did nothing. Not a single Australian naval ship was commenced during the entirety of the six years of the Labor government. The future submarine program was postponed and postponed and postponed again, and the air warfare destroyer project was allowed to fall behind and was the subject of massive cost overruns. That is the legacy and that is the context.
You asked me specifically about the supply ship. The Navy needs to replace the current supply ship, the HMAS *Success*, as soon as possible, and the HMAS *Sirius* does not provide the full level of capability that the Navy needs. I said before that the former Labor government neglected the Australian naval shipbuilding industry. The Labor government knew, because Navy told them, that *Success* had to be replaced. They knew that, when *Success* had reached the end of its operational lifespan, *Sirius* would not be able to fill that gap and yet they delayed as well. No supply ship was commissioned or begun under the Labor government, although they well knew that that would leave an urgent capability gap as well, which this government is attempting to fill. *(Time expired)*

Senator XENOPHON (South Australia) (14:34): Mr President, I ask a supplementary question. Given that the supply ships are worth up to $2 billion and all that work will go overseas under the current tender arrangements, and shipbuilders say that they could be part of at least a hybrid build so that hundreds of millions of dollars worth of work can take place here, why won't the government consider that in the context of allowing Australian industry to participate, as they have told me they can, so that we can stem the loss of critical skills and jobs in this sector?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:35): The answer to your question, Senator Xenophon, is: because of the urgency of replacing HMAS *Success*, which is rapidly approaching the end of its operational life. As I said a moment ago, the former Labor government knew that, but they did nothing to ensure that the *Success* would be replaced by a ship commenced and built in an Australian shipyard. But I will tell you, Senator Xenophon, what we have done. You as a South Australian senator would well know this. Last week, the cabinet meeting in Adelaide announced that we would be bringing forward the Future Frigate program and that all of the future frigates would be built at the ASC shipyards in Adelaide—the biggest naval shipbuilding project in Australian history ever, brought forward by two years and commenced in Adelaide. That is the way this government is dealing with the legacy left to us by the former Labor government.

Senator XENOPHON (South Australia) (14:36): That very welcome announcement is still five years away. Being involved in a hybrid build, at least of naval supply ships, could stem those job losses. Mr President, I ask a further supplementary question. What contracts will the government actually enter into over the next three years to stem these losses and prevent long-term and significant damage to our naval shipbuilding capacity?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:36): Well, Senator Xenophon, I had begun to tell you. And let me give you the context here. When we came into office we learned, from the CDF and from the Secretary of the Department of Defence, that unless the future frigates program was brought forward, unless the future submarines were commenced, there would be a loss in the naval shipbuilding industry, particularly, Senator Xenophon, in your—

Senator Xenophon: Mr President, a point of order: the question was, why isn't the Australian industry involved in the naval supply ships, even on a hybrid basis? That is the question. The minister is being very helpful, talking about projects in years to come—and I appreciate that—but not about the naval supply ships.
The PRESIDENT: Your question did ask what contracts the government will enter into, so it is similar to what you are suggesting. Attorney-General, I will remind you of the question.

Senator BRANDIS: So, we have brought forward the construction of the future frigates. We have brought forward the construction of the offshore patrol vessels. And we will, towards the end of this year, be announcing the outcome of the competitive evaluation process for the future submarines. But Senator Xenophon, in relation to the HMAS Success, the urgency of the need to replace that vessel as it reaches the end of its operational life, is now so acute that we have to acquire a ship as soon as possible, and the fastest way to do that is to acquire it overseas.

Trade with China

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:38): My question is to the Minister representing the Minister for Trade and Investment, Senator Payne. Can the minister outline how the government's trade policy is a vital part of the coalition's plan to create jobs and growth for all Australians? And what new opportunities are available for Australia in the world's second-largest market as a result of the China-Australia Free Trade Agreement?

Senator PAYNE (New South Wales—Minister for Human Services) (14:38): I thank Senator Bushby very much for his question. This is a trifecta of trade agreements with the major economies of North Asia. They are extraordinarily powerful enablers and are part of our government's efforts to help diversify our economy. As I have said before, it is about placing us in the best possible position to take advantage of the opportunities that are coming down the line, particularly in our region, in the area around us. The ChAFTA, in particular, is going to open significant new opportunities for Australia in what is the world's second-largest and fastest-growing economy. China is already Australia's largest export destination for both goods and services. It accounts for nearly a third of total exports and is our largest export market for agriculture, for resources and for services. Upon full implementation of the agreement, some 95 per cent of Australia's goods exports to China will enter China duty-free. Significant barriers to Australia's agricultural exports will be removed across a range of products, including beef, dairy, lamb, wine, hides and skins, horticulture, barley and seafood.

It is no wonder that an agreement of this nature, of this standing, has been very strongly backed by many people—not only by independent third parties but, interestingly, also by some quite senior Labor figures. Mr John Brumby, who of course is head of the Australia China Business Council, says:

ChAFTA is a high quality agreement that will deepen Australia's relationship with our biggest trading partner and which provides Australian companies with a real competitive edge in the China market.

And we have Craig Emerson. We have Bruce Hawker himself, often a commentator for Labor, and, as I have said before, even former trade minister Simon Crean. (Time expired)

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:40): Mr President, I have a supplementary question. Can the minister outline to the Senate the services and investment opportunities emerging as a result of the landmark ChAFTA agreement? How does this agreement compare with other agreements China has entered into?
Senator PAYNE (New South Wales—Minister for Human Services) (14:41): I can assist Senator Bushby on that matter, in relation to investment and services opportunities particularly. Today services constitute around 70 per cent of Australia's economic activity, and China is Australia's largest services market, with exports in services valued at $7 billion in 2013 alone. It is therefore very significant that, in ChAFTA, China has offered Australia their best-ever services commitments in an international FTA other than their own agreements with Hong Kong and Macau, their very close relations. Most valuably, this includes new or significantly improved market access for Australian banks, for insurers, for securities and futures companies, for law firms, for professional services suppliers and for education services exporters, as well as in health, aged care, construction, manufacturing and telecommunications services businesses in China. All of these industries are set to benefit and grow from this landmark trade agreement with China. (Time expired)

Senator BUSHBY (Tasmania—Chief Government Whip in the Senate) (14:42): Mr President, I ask a further supplementary question. Can the minister inform the Senate of how the finalising of the China-Australia Free Trade Agreement demonstrates the government's commitment to freer trade and investment? How does this government's approach differ from that of the previous government?

Senator PAYNE (New South Wales—Minister for Human Services) (14:42): I agree with Senator Bushby—and Senator Sinodinos: it is better. That is a very good start. With ChAFTA, Australia has now concluded 10 FTAs with trading partners which cover 70 per cent of our goods and services exports. Seven of those 10 FTAs were reached under coalition governments, and two of the three FTAs achieved by Labor were begun by coalition governments. That track record stands in very stark contrast to that of Labor, who in many places appear to be backing a very, very dishonest trade union campaign which is trying to just rip away the opportunities of the China FTA. Labor's trade spokesperson should cease what is essentially fearmongering and support this agreement so that the major benefits can begin to flow to all Australians. They should listen to their former leaders, their betters and their elders, such as Simon Crean, Craig Emerson and John Brumby, to name just a few. These Labor figures are highly supportive of this landmark deal, and so should those opposite be.

Indigenous Health

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:43): My question is to the Assistant Minister for Health, Senator Nash. Today the Western Sydney Aboriginal Medical Service is closing its doors after 28 years of serving the community. I note the financial management challenges this organisation has experienced, but other services have been helped to reorganise, have been partnered with other organisations and have managed to find a way to continue to support the community. Why has the government decided in this instance to essentially push the 11,000 people who were supported by this Aboriginal service into mainstream services?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:44): Can I say at the outset that the priority is ensuring that we have continuity of services for people who have been using the services provided by the Western Sydney AMS. It is very clear that this service has been in some difficulty, and it has
been a considerable period of time that that difficulty has been experienced by this service. Of course, the government does not like taking steps such as we have needed to take in this particular instance, but let me be clear that the Western Sydney AMS is in significant debt and has been for some time. In fact, the organisation has been trading insolvent since June 2013.

This government takes the economic responsibility of the organisations that are providing these services very, very seriously. On 5 August the creditors, including the staff, voted in favour of liquidating the organisation. This government has been working very closely with the Ministry of Health in New South Wales, with the local health district and with colleagues from both sides of parliament to ensure that there is a way forward that is going to enable the patients who have been using this service to continue accessing these services. We are very cognisant of the fact that retaining the facilities and the building itself will be very important for ensuring that those services are continued. This government takes economic responsibility very seriously, and that extends to services that we fund. That is why the steps have been taken in this case.

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:46): I thank the minister for answering a question—it does not happen that often in this place! I ask a supplementary question: what has happened to the Department of Health funding that previously supported these Aboriginal clients? Has this been directed to alternative Aboriginal services, and if not, why not?

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:46): Very shortly we will be announcing some arrangements relating to this particular service. The ongoing funding for the delivery of services will be there. But it is very important to recognise that we have to fund these services in an economically responsible way. With that comes requirements put on these services about how they will operate. That is what we expect, I think that is what the Australian people expect, and I would certainly hope that it is what everybody around this chamber would expect. Rather than trying to drum up some hysteria around this particular issue, it is important that we look at the facts and recognise that the government is taking steps to ensure that we have as seamless a transition as possible. We are very well aware how important the cultural delivery of these health services is and we will be taking steps to maintain that.

Senator SIEWERT (Western Australia—Australian Greens Whip) (14:48): Mr President, I ask a further supplementary question. I note that if I was trying to drum up hysteria I would not be asking these questions in the manner in which I am asking them. I hear what the minister has just answered, that the minister will be announcing services. I notice that she did not mention whether they will be Aboriginal-delivered services. I am particularly keen to know whether you are working with the community and the services that you have already outlined to develop or support a new Aboriginal medical service or in fact deliver health services from a community perspective? (Time expired)

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (14:48): Some of that hysteria that I was referring to was not from the senator, if I can clarify that. The community delivery of these services is very important. One of the things that this government is very well aware of is how important local delivery through the Indigenous services is to the people who are accessing services from
these Aboriginal medical services themselves. I think that is really important. Certainly that is the intent. We were left in a situation where there was no choice but for the steps to be taken that have been taken by the government. But nobody should be in any doubt as to how much focus and priority the government is putting on making as seamless a transition as we possibly can to ensure that those people in Western Sydney have access to culturally appropriate medical services.

Marriage Equality

Senator SINGH (Tasmania) (14:49): My question is to the Attorney-General, Senator Brandis. Has the High Court settled the question of whether the federal parliament can legislate with respect to the definition of marriage? Is a referendum necessary to give the federal parliament the power to legislate in respect of this matter?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:50): The High Court has settled the matter. You will recall that in 2013 the ACT legislated for same-sex marriage. The Commonwealth took the ACT to the High Court because we took the view at the time that Australia's marriage laws ought to be uniform. We also took the view that the paramountcy of the Commonwealth's marriage power in section 51 of the Constitution needed to be protected. I am pleased to say that the High Court unanimously upheld the Commonwealth's position in that litigation, against the urgings of the then ACT government of the present Senator Gallagher. In the course of that judgement the High Court unanimously said that the federal parliament has legislative power to provide for marriage between persons of the same sex.

Senator Singh, you asked me about a referendum. Under our system, there is only one purpose for a referendum, and that is to amend the Constitution. That is what section 128 of the Constitution provides for. Were this parliament ever minded to legislate for same-sex marriage, the High Court has made it perfectly clear and unambiguously clear that the marriage power in the Constitution in its current form would provide sufficient legislative power for a future parliament to do so.

Senator SINGH (Tasmania) (14:51): I will take your answer to indicate that a referendum is not necessary. Mr President, I ask a further supplementary question. What would a referendum on the matter of marriage cost? Would funding be provided to proponents and opponents of the question asked of the Australian people? Would voting be compulsory?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:52): I think questions of the cost of such an event are really best directed to the Special Minister of State, Senator Ronaldson. But Senator Singh I cannot imagine there being a referendum on this question because, as I indicated to you in my earlier answer, the Constitution is perfectly clear on this issue, the High Court has spoken unanimously, unambiguously and recently, and that is really the end of the matter. Whether or not parliament, in the future, decides to introduce same-sex marriage—which has been a topic of much discussion this week—is a matter for a future parliament.

Senator Kim Carr: He could answer a question for once!

The PRESIDENT: Order! Senator Carr!
Senator SINGH (Tasmania) (14:52): Mr President, I ask a further supplementary question. I refer to the Prime Minister's statement in May this year that:

I don't think anyone's suggesting that the Constitution needs to be changed in this respect.

And:

Plainly, this is a matter that could quite properly come before the Commonwealth Parliament if members of Parliament wanted it to be raised.

Was the Prime Minister right then, or is he right now?

Senator BRANDIS (Queensland—Deputy Leader of the Government in the Senate, Vice-President of the Executive Council, Minister for Arts and Attorney-General) (14:53): I am not aware that the Prime Minister has said anything contradictory about this matter. In the statement you quote, the Prime Minister said that a referendum would not be necessary for the parliament to deal with this matter. That is correct. That is also my view, and this is not an area of legal doubt. I know there are some who are not lawyers who have commented on it, but this is not an area of legal doubt.

Senator Kim Carr interjecting—

The PRESIDENT: Senator Carr!

Senator BRANDIS: This is a matter about which the coalition parties had a long discussion on Tuesday. We have settled a position. The Prime Minister gave a press conference at which he raised the possibility of a popular vote on the question in a future parliament. Because a constitutional amendment is entirely unnecessary to enable this parliament to deal with the matter, were there to be a popular vote, that plainly would be a plebiscite.

National Broadband Network

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (14:54): My question is to the Assistant Minister for Social Services, Senator Fifield, representing the Minister for Communications. Can the minister update the Senate on how the government is rolling out the National Broadband Network in an efficient and timely manner?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:54): I thank Senator Ruston for her question and acknowledge her sterling chairing of the Senate Environment and Communications Committee. I am very pleased to inform the Senate that, as announced by the minister last week, the NBN will embark on one of Australia's largest workforce training initiatives to ensure that the network can be rolled out sooner and at less cost to the taxpayer.

Senator Conroy interjecting—

The PRESIDENT: Senator Conroy!

Senator FIFIELD: Under the workforce training scheme, the NBN will work with delivery partners to recruit and train around 4½ thousand workers. This will see the current project construction workforce double, with around 9,000 workers employed at the peak of the rollout. This will address identified skill shortages. NBN will work with partners to ensure that trained workers have jobs after their training and stay working on the project and in the telecoms industry as the project proceeds. Importantly, the scheme will target both school leavers and people who have worked in the industry who require retraining.
The PRESIDENT: Senator Conroy!

Senator FIFIELD: The NBN is the largest infrastructure project in the nation's history. It is certainly the most complex. Each day the project is being rolled out on hundreds of work fronts across the country, so it is absolutely essential that we have enough people to roll out the network as we increase the pace of the rollout.

The PRESIDENT: Senator Conroy!

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (14:56): Mr President, I ask a supplementary question. Can the minister outline to the Senate what the NBN is doing to create jobs in my home state of South Australia?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:56): We do know that South Australia does face significant economic challenges after 13 years of Labor mismanagement in that state. As a result, it has the highest unemployment rate in the country. I am therefore very pleased to inform the Senate that the NBN is creating 400 new jobs in South Australia. The minister visited local contractor Fulton Hogan last week, which announced that it will more than double its 150-strong local workforce. SA Power Networks will also be adding jobs in South Australia. That is good news for South Australia. There is also good news for other states, with 1,300 jobs in New South Wales and the ACT, 900 jobs in the west, 900 jobs in Queensland, 800 jobs in Victoria, 200 jobs in Tasmania and 50 jobs in the Northern Territory. That is unequivocally good news.

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (14:57): Mr President, I ask a further supplementary question. Can the minister inform the Senate about how the training and jobs program he referred to in the first part of his answer will help the NBN meet its rollout target to deliver fast broadband to Australians sooner?

Senator FIFIELD (Victoria—Manager of Government Business in the Senate and Assistant Minister for Social Services) (14:57): NBN does have an ambitious rollout target. Connecting all Australians by 2020 is not an easy feat but, as I have previously advised, for the first time and only under the coalition NBN is now meeting its rollout target. As you would expect, the application of the organisation will only increase as the NBN rollout targets are ramping up and as the NBN is connecting millions of premises annually over the next few years. This program will help provide the skilled workforce that the NBN needs to meet this huge task. Under its new management, NBN is committed to meeting its targets, and it is actually delivering. It is quite clear—certainly to those on this side—that only the coalition has the capacity and the skills to make sure that a project of this complexity is delivered at lower cost and in better form. \textit{(Time expired)}

\underline{Consumer Leases}

Senator CAMERON (New South Wales) (14:58): My question is to the Minister for Human Services, Senator Payne. I refer to comments on consumer leases made by ASIC Deputy Chair, Mr Peter Kell, who said last month:

It is not uncommon for consumers to pay three or four times more than the purchase price of the leased goods. In some cases it can be up to six times.
Is the minister aware that consumer leasing businesses specifically target Centrelink clients and that these leases cause financial hardship for Centrelink clients, who are encouraged to make payments through Centrepay?

Senator PAYNE (New South Wales—Minister for Human Services) (14:59): In acknowledging issues that have been raised around the use of Centrepay by a number of providers, the government announced in May this year a series of changes and an expansion of services for which Centrepay could be used to include, for example, no-interest loans, low-interest loans, lay-by and a number of other things. The Assistant Treasurer, the Hon. Josh Frydenberg, announced just last week that there will also be a review of the small amount credit contract laws that will consider in fact whether those laws should be extended to apply to regulated consumer leases. That is a suggestion that has also been made by a number of stakeholders in this area.

What the government has endeavoured to do in the changes it has made—and I have discussed this in the chamber and elsewhere with Senator Cameron previously—

Senator Fifield interjecting—

Senator PAYNE: In estimates, Senator Fifield. The government is endeavouring to strike a balance between strengthening protections for customers and not interfering unduly with existing means of urgent access to necessity goods. One thing we have to be acutely aware of is that the broader products to which Senator Cameron refers are not as immediately widely available as we would like them to be before we can contemplate, in my view, the sorts of suggestions Senator Cameron is making. The alternatives to consumer leases for which we have expanded Centrepay are ones we hope that our customers will take up. Until they are available through on a much larger scale I do not want to close all use of Centrepay for regulated leases. We have gone out of our way to inform customers and providers who have a consumer lease about these alternatives. While fixed term consumer leases do typically involve higher costs than outright purchases, they are regulated and that provides an important level of protection. (Time expired)

Senator CAMERON (New South Wales) (15:01): Mr President, I ask a supplementary question. I refer to the Assistant Treasurer who has ‘absolutely agreed’ that interest rates on consumer leases can be much higher than the already exorbitant rates payday lenders charge. Does the minister agree with the Assistant Treasurer’s opinion that effective interest rates charged under consumer leases are beyond exorbitant?

Senator PAYNE (New South Wales—Minister for Human Services) (15:02): I did in my previous answer—and I am not sure Senator Cameron heard me—acknowledge those concerns in relation to those typically higher costs.

Senator Cormann: He had prewritten his follow-up question.

Senator PAYNE: That is the problem, Senator Cormann, isn't it, when you can't be spontaneous? I did in fact acknowledge that earlier. I also referred in my previous answer to the Assistant Treasurer's remarks.

Senator Wong: 'More spontaneity' she says!

Senator PAYNE: Well, it would liven things up a little more, Senator Wong.

Senator Wong: Lively!
Senator PAYNE: No, I think more tedious than lively, but there we are. The Assistant Treasurer, Josh Frydenberg, as I said, has announced the review of the small amount credit contracts and the related provisions of the national credit consumer—

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

Senator Cameron: Mr President, this is on relevance. I do not want to be tedious—

Government senators interjecting—

The PRESIDENT: Order on my right!

Senator Cameron: The question goes to whether the minister agrees with the Assistant Treasurer that the interest rates charged under consumer leases are beyond exorbitant. You should draw her attention to that question. She should try to answer it.

The PRESIDENT: Thank you, Senator Cameron. I remind the minister of the question. She has 19 seconds in which to answer.

Senator PAYNE: I would not say Senator Wong was tedious. I was saying in relation to tedious that I do not expect Senator Cameron to change the habits of a lifetime. I did say in my first answer what my views were about the products. Senator Cameron has also referred to the Assistant Treasurer's review. That is why we have incorporated those particular products into the small amount credit contract laws review. (Time expired)

Senator CAMERON (New South Wales) (15:04): Mr President, I ask a further supplementary question. Given the Assistant Treasurer's obvious concern over the true cost of consumer lease contracts, shouldn't consumer leasing businesses be excluded from Centrepay, like payday lenders?

Senator PAYNE (New South Wales—Minister for Human Services) (15:04): Let me say for the third time, which may mean I will be accused of tedious repetition, that that is exactly why the small amount credit contract laws review has been announced by the Assistant Treasurer to include these products. It is a review that fulfils the statutory requirement under the credit act and it will also consider, as I said, whether the regulatory requirements for SACCs should be extended to regulated consumer leases. I have explained twice why I am not immediately excluding them. Senator Cameron disagrees. I have indicated that we are agreeing to disagree in the chamber previously. Senator Cameron simply does not accept that.

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

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Employment

Senator ABETZ (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:05): I have some further information in relation to the question asked of me by Senator Wong. I can indicate that the ASC has denied union claims that workers at its Osborne shipbuilding base were sacked by text messages. I am informed that ASC have tried to ensure that out of the four contractors this did not occur. Three of them have already responded to the ASC confirming that they notified their employees verbally and the fourth one is still to respond. I can also indicate that the honourable gentleman in the other place who raised this matter has admitted that he had not personally seen any of the text messages but had been told by union members.
QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS
Royal Commission into Trade Union Governance and Corruption

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

That the Senate take note of the answer given by the Attorney-General (Senator Brandis) to a question without notice asked by Senator Conroy today relating to the Commissioner of the Royal Commission into Trade Union Governance and Corruption.

I rise today to take note of Senator Brandis's answer to my question in relation to the now exposed Liberal stooge Justice Dyson Heydon appearing as a keynote speaker at a Liberal Party fundraiser. Justice Heydon is another who was hand-picked by Tony Abbott.

Senator Williams: Mr Abbott.

Senator CONROY: Mr Abbott, thank you. He was Mr Abbott's captain's call to head up what is an escalating $80 million witch-hunt into the Labor Party and anyone who has ever heard of the Labor Party.

Today's damning revelation that Justice Heydon is moonlighting as a fundraising operative for the Liberal Party confirms what Australians have known all along—this royal commission is nothing more than a witch-hunt designed to smear and slander Mr Abbott's and the Liberal Party's political opponents. The information uncovered today is truly extraordinary. It was an invitation to a Liberal Party fundraiser at which Justice Heydon would be the keynote speaker while he is running a witch-hunt and accusing the Leader of the Opposition of being a less-than-credible witness. It is a witch-hunt which has dragged people before it, does not follow procedural fairness, ambushes witnesses in the stands, distributes documents to the press—the smear people—on a daily basis is now exposed for what it is—$80 million of taxpayers' money fronted by a Liberal Party stooge to smear the political opponents in this country. It is a disgrace.

So the Liberal Party supporters were invited to enjoy a three-course dinner with Justice Heydon at a boutique hotel on 26 August. In exchange for this privilege, the donors were required to pay $80 per ticket. We have had some attempt in this chamber from Senator Brandis to pretend it was not a fundraiser. Tragically for Senator Brandis, despite the fact that the invitation says pay your money to the New South Wales Liberal Party division—here is how to declare it; here is what the rules are for giving donations to political parties—he still tried to say it was not a fundraiser. Unfortunately Mr Abbott said the following in the other place:

Plainly, the royal commissioner himself believed that it was inappropriate to give the address at a Liberal Party fundraiser.

This was exactly what Mr Abbott said because the commissioner issued a statement. At this, Mr Speaker intervenes and Mr Abbott goes on to say:

...obviously, the royal commissioner himself believes that it is wrong for people in his position to address party fundraisers, as the statement issued on his behalf this morning said.

So do not let anyone come in here, Senator Abetz or Senator Brandis, and pretend this is anything other than a Liberal Party fundraiser. This is a man who has disgraced himself in his conduct of this royal commission. He has been clearly biased in his treatment of witnesses.
He has given an absolute dream ride to witnesses that he thinks can hurt the Labor Party. It has been a disgrace.

But when it comes to Justice Heydon, I say this: I am concerned about his credibility in the commission and his self-interest as a Liberal Party stooge because that is what is at stake here. Justice Heydon should resign. His position is untenable, he is being paid—no-one knows how much because the government wants to hide it—and he handpicked his best mate from his chambers to get paid $4 million nearly so far. *(Time expired)*

**Senator ABETZ** (Tasmania—Leader of the Government in the Senate, Minister Assisting the Prime Minister for the Public Service and Minister for Employment) (15:11): The Sir Garfield Barwick address is a public, professional lecture delivered by distinguished Australians. The last address was delivered by the former Chief Justice Murray Gleeson AC. It is in address advertised by the New South Wales Bar Association on their website. It is a fact that this is a public professional lecture auspiced by the New South Wales professional lawyers in the Liberal Party.

Can I say there has been a long tradition of judicial officers going to functions of various political parties. Indeed, my colleague the Attorney-General indicated that Justice Kirby, when he was President of the Court of Appeal, addressed the Society of Labor Lawyers. Did we hear any criticism of that? No. Might I add, did we on the Liberal side condemn Justice Kirby at the time for doing so? No, we did not because there is a long tradition.

Indeed, I now speak of our dear departed former governor, who was not necessarily of my persuasion in the state of Tasmania, Chief Justice Peter Underwood. He addressed a Liberal Party forum auspiced by the Liberal Party on the issue of sentencing whilst he was Chief Justice and also, might I add, a serving magistrate did the same. Was there any criticism at the time from the Australian Labor Party? No, because it is part and parcel of the accepted task of judicial officers to address community organisations including those auspiced by political parties.

The New South Wales Bar Association in fact advertised this function as follows:

The sixth annual Sir Garfield Barwick address will be delivered by the Honourable Dyson Heydon ACQC at a dinner to be held at the Castlereagh Boutique Hotel on Wednesday 26 August at 6 to 6:30 pm.

Being a highly sensitive individual and a man absolutely oozing integrity, Mr Dyson Heydon, on becoming aware that this had the possibility of being a Liberal Party event and before this matter even hit the media, had his spokesperson issue a statement which said:

As early as 9.23am this morning (and prior to any media enquiry being received) he advised the organisers that 'if there was any possibility that the event could be described as a Liberal Party event he will be unable to give the address', …

That is the right and proper thing to do. The Australian Labor Party worked themselves into a lather about the $80 somehow representing a fundraising event. Think about it: an inner city Sydney hotel where you are going to have judges and barristers eating, I dare say $80 would just cover the costs. In case you think an $80 lunch is an extravagance can I remind those opposite of a fundraiser that was. It had Senator the Hon. Penny Wong as attending, but do you know who the special guest was? Tim Harcourt, a serving commissioner of the Fair Work Commission of Australia. And do you know what else? The ticket was not $80, not $100 and not even $800. It was $1,000 a ticket. What a big meal that would have been to cover costs!
There you have a fundraiser, well and truly! $1,000 per head! There is no pretence there of only covering costs, but we have Mr Tim Harcourt doing it, and no criticism from Labor.

(Time expired)

Senator CAMERON (New South Wales) (15:16): What another pathetic performance from the Leader of the Government. This attempt to try to say that what Dyson Heydon did was not a political exercise is just nonsense. He has been hung out to dry by his own Prime Minister who said today:

… the royal commissioner himself believed that it was inappropriate to give the address at a Liberal Party fundraiser.

He said that because the commissioner issued that statement, which I quoted. The Prime Minister was clear on what it was and he went on to say that obviously the royal commissioner himself believed that it was wrong for people in his position to address party fundraisers.

The only reason this nonsense is going on in here is that it is clear that it was a fundraiser. What Senator Abetz failed to do was to show the invitation that went out and to show the party-political donation statement on the back of that invitation. It was clearly and unequivocally a party-political fundraiser. So all the nonsense and arguments that are going on here are simply that, nonsense and arguments, to try to justify the unjustifiable. This was not a public professional lecture; this was a party political fundraiser. It is there in black and white from the New South Wales branch of the Liberal Party. More lies and more distortion in here will not take away from that fact.

Dyson Heydon has been exposed as being the star turn at a Liberal Party fundraiser. Again, it has exposed the real nature of this so-called royal commission which is nothing more than a witch-hunt. Dyson Heydon should do the right thing—he has not been doing the right thing for some time now—and he should resign. He is the PM’s hand-picked royal commissioner in a political witch-hunt. He is no more than the political vassal of the Liberal Party. He was going off to pay political homage and allegiance to the Liberal Party legal elite. That is what he was about to do, and it was discovered. The only reason he did not do it is that it became a public issue and one of huge embarrassment. That is the only reason he did not do it.

This royal commission is no more than the modern day equivalent of the Spanish Inquisition. You target the heretics, you target your political opponents—and they are the ALP and the unions. You get a biased judge in Justice Heydon, you get an outcome that is inevitable and you set about debasing the concept of a royal commission and you debase the role of a royal commissioner.

Dyson Heydon is unfit for any role that requires independence and impartiality. Dyson Heydon, a self-stated devout conservative, chose to preside over a witch-hunt against Labor leaders and the trade union movement. This commission was never going to be fair, it was always going to be biased. It was prejudiced towards Liberal policies and against the trade union movement. It was prejudiced against the Labor Party, and Heydon presided over a distortion and an abuse of royal commission processes. He is not fit to be in the position he is in. This is a perversion of royal commission processes. It is clearly set up as a political tool to attack the trade union movement and the Labor Party. So-called Justice Heydon is improperly exercising his powers as a royal commissioner in the interests of the Liberal Party. Neither this government nor Dyson Heydon can be trusted. The arrogance of the coalition in trying to
deny that it was a political fundraiser, and the arrogance of Justice Dyson to say that he would not talk about it, means that this man has to go. He has no credibility. *(Time expired)*

**Senator SESELJA** (Australian Capital Territory) (15:21): I would like to respond to a number of the claims that have been made by both Senator Conroy, in his disgraceful address, and of course Senator Cameron. As we look at this public address, I am reminded of Bill Shorten saying, when claiming travel for the Light on the Hill fundraiser, that of course it is not a fundraiser. His argument was that the Light on the Hill, being a public lecture at about $85 a head, apparently to cover costs, is not a fundraiser. But in this case a public lecture, according to the Labor Party, is in fact a fundraiser and somehow fundamentally different. Not credible!

But let us go a little bit further. Senator Conroy used abusive language towards Justice Heydon, calling him a stooge because he delivered this public lecture. Did anyone call Michael Kirby a Labor stooge because he addressed a public lecture for the Society of Labor Lawyers? Is Senator Conroy calling former Justice Kirby a Labor Party stooge? We never heard that language, but that is the absolute correlation if you are going to go into the game and say, 'If you go and deliver a public lecture, you are a stooge of the party.'

*Senator Carol Brown interjecting—*

**The DEPUTY PRESIDENT:** Order!

**Senator SESELJA:** The Society of Labor Lawyers. Would that make him—

*Senator Carol Brown interjecting—*

**Senator SESELJA:** And then we go to the question of a fundraiser. As Senator Abetz has highlighted, is Dr Tim Harcourt of the Fair Work Commission, at a $1,000-a-head fundraiser with Penny Wong, a Labor Party stooge? $1,000 a head. Now, that is a fundraiser. Not many dinners actually cost $1,000 for the food. Is he a Labor Party stooge?

Let's get fair dinkum. What this is about is the Labor Party trying to claim that what has been uncovered at the royal commission is not true. Let us look at some of what has been uncovered at the royal commission, which they want to pretend is not serious: 'There's nothing to see here.' We have seen a number of people arrested just here in Canberra for their alleged activities with the CFMEU as a result of some of this work, including Fihi Kivalu, after evidence to the commission revealed that he demanded tens of thousands of dollars in payments from tradesmen in return for them getting work. We have seen the abusive threats to workers from John Setka—the private details of over 300 construction workers leaked by the construction industry superannuation fund Cbus to the CFMEU.

We have seen that Bill Shorten's close friend Cesar Melhem ran a slush fund called Industry 2020. It received significant funds from companies which had EBAs with the union, but it employed no staff and had no premises of its own—

**Senator Abetz:** He was forced to resign.

**Senator SESELJA:** and he was forced to resign. Of course, Bill Shorten's close friend Cesar Melhem, it is claimed, repeatedly issues false invoices. We have seen that the construction company Boral suffered a 75 per cent reduction in its market share after refusing to comply with the CFMEU's unlawful demands.
We have seen the exposure of Bill Shorten, and this is where the sensitivity is. Bill Shorten has been exposed, depriving workers of penalty rates, public holiday pay, overtime and shift loadings, in his dealings with some companies. All the while his union was getting payments.

Senator Carol Brown interjecting—

The DEPUTY PRESIDENT: Order!

Senator SESELJA: These are all on the record. These are all facts. These are all undisputed. We had the construction company Unibilt pay for Bill Shorten's campaign manager in 2007. Of course, he did not want to tell anyone about it. He did not want to disclose it. This is what the Labor Party wants to try to distract attention from. The Comanchero bikies employed as debt collectors in the building industry—this is the kind of behaviour you are defending and seeking to cover up by besmirching the commissioner. This is the kind of behaviour you are seeking to cover up as you protect the CFMEU, you protect their corrupt behaviour, you protect their criminal behaviour, and you try to pretend there is nothing to see here.

Senator Carol Brown: That's what you're doing. That's exactly what you're doing.

The DEPUTY PRESIDENT: Order!

Senator SESELJA: So those arrests—the police are arresting these individuals because there is no evidence?

Senator Carol Brown interjecting—

The DEPUTY PRESIDENT: Senator Brown, I have called you to order on a number of occasions.

Senator SESELJA: They are arresting them because there is no evidence, according to the Labor Party. We have seen evidence, day after day after day, that is damming for some of these individuals in the construction union. It is damming for Bill Shorten in the way that he behaved as a union leader, selling out workers, and you are now seeking to besmirch this man in order to protect the corrupt behaviour of the people who fund—(Time expired)

Senator GALLACHER (South Australia) (15:26): I too rise to make a contribution in this debate. I want to say at the outset that there are some judicial guidelines around conduct of judicial officers. Basically, they go to the merits of whether you need to sever the ties with your political party of choice. It would be prudent, I suppose, that the current royal commissioner would be apprised of those guidelines and sever all ties with his links to a political party. The easiest way to do that is to decline the invitation to a Liberal Party fundraiser. He did that at a very late time, at 9.23 this morning.

I really want to go to some of the substance that Senator Seselja has put onto the table as fact. In just a cursory glance at the interim report of this royal commission, you find a very long statement about the standard of proof and findings of fact. Senator Seselja has alleged that there are several findings of fact against unions and against Mr Shorten and others. Let us just read this:

A Royal Commission is not a court of law. There are no civil or criminal proceedings before it. The rules of evidence do not apply. The concept of the onus of proof does not apply. Strictly, it follows that neither the civil standard of proof nor the criminal standard of proof applies to the Commission.
We have had very good royal commissions and very good royal commission outcomes in the history of the Australian parliament. We know that the conservatives have always used royal commissions against unions and their political opponents. And we know that they have not always gone the way they thought they would go. The bottom of the harbour comes to mind. The royal commissions actually got their own life and found out that the great majority of people who were at risk of improper behaviour was not the unions; it was the people doing their bottom-of-the-harbour tax schemes.

We know that this commission has taken an enormous amount of evidence. I know from my personal experience as a former President of the Transport Workers Union and as a former secretary of the South Australia/Northern Territory branch that multiple copies of approximately seven years of financial records were subpoenaed and trucked all the way to the royal commission for forensic examination. I also know that not one question emanated from seven years, or thereabouts, of the forensic evaluation of union records that has happened right across this country. This commission has spent millions of dollars—and incidentally tied up millions of dollars of union funds in meeting its requirements, and hundreds of thousands of hours of union employees' and members' money in meeting their requirements—to find, in our case, zero. And they have tuned in to some peripheral activities, mainly outside of the bread and butter work of unions—which is representing their members and getting deals done. They have over a seven-year period identified some peripheral issues and homed in on those. This royal commissioner needed to demonstrate impartiality and lack of bias, and instead he has done exactly the opposite. I watched the media reports emanating from hearings of this royal commission. They home in completely on his bias and on any suggestion that he has been critical of one of the witnesses. They publicise that, and the Paul Murrays of the world give it a guernsey. They act as if it is an earth-shattering revelation. Just the other day I turned on Sky News and there it was: a 'bombshell' in the royal commission—more unsubstantiated fact and allegation portrayed as truth. This royal commissioner allows it to happen, and this royal commissioner thinks it is okay to go to a Liberal fundraiser.

I do my best to get outside this environment here and mix with the general community. A member of the public said to me, 'This is going to blow up on this conservative government because when they don't find anything, when there's no proof, it'll be seen for what it is: a witch-hunt by a biased commissioner against good union people.

Question agreed to.

Indigenous Health

Senator SIEWERT (Western Australia—Australian Greens Whip) (15:32): I move:

That the Senate take note of the answer given by the Assistant Minister for Health (Senator Nash) to a question without notice asked by Senator Siewert today relating to the Aboriginal Medical Service of Western Sydney.

Western Sydney has the highest concentration of Aboriginal people in Australia, and the Aboriginal medical service at Mount Druitt is right at the centre of that and in fact supports 11,000 patients. Many of the patients have never sought mainstream medical care and do not trust those services, which is similar across the country. Many of the current clients do not have the capacity to communicate their difficulties with people they automatically distrust—again, why it is so important that we have Aboriginal medical services. Staff of the current service have expressed their concerns that clients will opt to stop seeking medical treatment.
rather than going to a mainstream service, hence their deep concern about the closure of the service today.

These services are important because they are community led and they make sure that they support the wraparound health of their patients—and patients do spend more than five minutes with a doctor. That is why they also run so many other services out of Aboriginal medical services. They reach into their communities, they use creative, community-led initiatives that ensure people stay connected to health care, and they address the whole needs of the person. Among the services that AMSs provide there is community ownership, as the community has developed and shaped the service. The community have elected boards. Board members are consumers of the service, and many of them are elected to represent the community at a local, regional, state and national level. All associated responsibilities are met unpaid. They are a meeting place, a teaching place and a learning place. That is how people described AMSs—a place to go to when you feel crook; need food or to make an urgent phone call; or need emotional support, a safe place to cry or a place to heal. They are a supportive place to track and contact family members or get assistance when family and friends pass away. They provide culturally respectful support and assistance whenever possible, including assistance with funeral preparations and the transport of loved ones back to country for burial. And they are a built-in health care complaints service with prompt responses. As you can see, I am not exaggerating when I articulate the importance of Aboriginal medical services to their community.

Despite the important service that AMSs provide and the importance of community controlled health, Aboriginal health seems to be constantly under pressure. We saw from the 2014 budget that there was a significant amount of money—$260 million—cut out of Aboriginal health programs. The future of AMSs in terms of the certainty of their funding was for quite a long time under a great deal of pressure and under a cloud. What I need to point out here is that Aboriginal medical services do not just get money directly for the delivery of actual medical services. They also deliver a number of other services that come from various buckets—for example, the Indigenous Advancement Strategy and the Department of Social Services. And they deliver services through a complex set of funding programs that are actually essential when you are dealing with the health of Aboriginal people and dealing with some of the circumstances that I have just articulated here. That is why the chaos that has surrounded the IAS program and the chaos that has surrounded the Department of Social Services has not only undermined the ability of a broad number of Aboriginal services to provide those services—and some have in fact lost funding—it has also impacted on Aboriginal medical services, because they need all those funding sources to be able to provide a comprehensive medical health support service for the members of their community.

I look forward to hearing the minister's announcement on the future of Aboriginal Medical Service Western Sydney in the very near future. It is absolutely essential that the government outlines what the future is for those services and to ensure that those services are Aboriginal owned, controlled and delivered for those 11,000 Aboriginal people in Western Sydney. Question agreed to.
BUDGET

Consideration by Estimates Committees

Senator RUSTON (South Australia—Deputy Government Whip in the Senate) (15:37): On behalf of the chair, I present additional information received by the Senate Foreign Affairs Defence and Trade Legislation Committee relating to budget estimates hearings.

COMMITTEES

Finance and Public Administration Legislation Committee

Membership

The DEPUTY PRESIDENT: Order! The President has received a letter from a party leader seeking variations to the membership of a committee.

Senator PAYNE (New South Wales—Minister for Human Services) (15:38): by leave—I move:

That Senator Moore replace Senator Ludwig on the Finance and Public Administration Legislation Committee for the committee’s inquiry into the Australian Government Boards (Gender Balanced Representation) Bill 2015 and Senator Ludwig be appointed as a participating member of the committee.

Question agreed to.

(Quorum formed)

MOTIONS

Automotive Transformation Scheme

Senator XENOPHON (South Australia) (15:40): I, and also on behalf of Senator Madigan, move:

That the Senate notes the importance of an Automotive Transformation Scheme to Australia’s economic prosperity and development.

This is a very important issue and, in the next few minutes, I propose to outline the importance of the Automotive Transformation Scheme and the need for it to be modified in a way that reflects the changing circumstances of our automotive sector and the critical importance of Australia's economy. At stake there are up to 200,000 jobs—not just the direct jobs, not just the 33,000 in the automotive components sector and the 12,000-plus jobs in the manufacture of motor vehicles but all the other associated jobs, the tier 2 and 3 of the automotive component sector, and also the multiplier effect of that on our economy, particularly in Victoria and South Australia, and throughout the rest of the nation.

The Automotive Transformation Scheme or ATS has been a mainstay of Australia’s industry policy for at least two decades. Since the car makers made their announcements in 2013 and early 2014 that they would cease car making from the end of 2017, Australia has been on notice. How would Australia deal with the loss of an industry that employed directly over 40,000 people and was also responsible for the indirect employment of about 150,000 more? A massive piece of that answer has to be the ATS.

Originally worth $3.4 billion when launched in 2011—and the Howard government had another scheme in place when they were in government that had a similar function—the
Howard government understood the importance of jobs in this sector and did all they could to maintain employment in the sector.

This scheme was always intended for the auto manufacturing sector and, when the car makers made their decision to cease car making, the ATS was the obvious policy lever to turn to. But what have we seen? The government first tried to capitalise on the announcements by the car makers by trying to cut $1 billion from the ATS at the 2014 budget. This was a foolish, economically destructive decision that would cut ATS funding immediately to the auto components makers, raising the risk of an early exit by the car makers and then the destruction of that supply chain in the auto sector. In your home state of Victoria, Mr Deputy President Marshall, there are so many jobs—well over 100,000 jobs—that are dependent on that sector.

But that was blocked in the Senate, and the government saw that its plan would lead to the early closure of car making—and the government still has not acted appropriately in my view. So the ATS remains as it was when the government came to office. It is locked up with restrictive rules that mean it cannot be accessed by auto components makers to diversify their business and secure a future beyond car making once Ford, Holden and Toyota leave this country.

It is estimated that between $700 million and $800 million will be left in the ATS unspent when car making ends in 2017. It is incredibly cynical to say, 'We've reversed a decision on cutting back on expenditure on this fund but, if you don't change the rules, the money won't be spent.' And the rules need to be changed, because we need to take into account the impending circumstances of the loss of original motor vehicle producers in this country.

The government intends recovering these funds as a savings to its budget, but this position is short-sighted and counterproductive and it will lead to a much worse jobs crisis than necessary. The ATS is governed by its own act, which currently sits with a Senate committee that will soon report on options for the future. I look forward to joining with my crossbench colleagues and the opposition to look at sensible amendments to change the ATS so that it can save as many jobs as possible in the auto components sector and all the jobs that rely on having a viable auto components sector. The hour is late but we all have a duty to make the best of the situation for the good of the many tens of thousands of Australians who rely on the auto sector for their future.

How did we get here and where should we go? The ATS took the place of the previous auto sector policy, set up under the Howard government, called the Automotive Competitiveness and Investment Scheme, the ACIS. John Howard recognised the importance of car making to the Australian economy in that it provided high-quality, high-paying jobs to upwards of 40,000 Australians directly and created many more times that number of jobs in the wider economy. As experts in manufacturing, such as Professor Goran Roos, have pointed out, a local automotive manufacturing sector also created a critical mass of engineering, research, design and manufacturing know-how that raised standards across the economy, not just in the automotive sector. In fact, I have been told that in the mining sector a number of innovations in terms of productivity improvements have come about as a direct result of improvements in the auto sector. Innovation in the auto sector drove improvements in other sectors of the economy, including the mining sector.
Every industry in Australia, from banking to agriculture to education, requires sound government policy. Manufacturing is no different and successive governments have invested in the sector due to the massive payback it provides to the economy and the country as a whole. The ATS Act was passed in 2009, it took effect on 1 January 2011 and it was to run for 10 years, ending on 31 December 2020. It was worth $3.4 billion and it was split between the main car makers—Ford, Toyota and Holden—as well as the hundreds of car components makers that supported Australia’s car makers. The ATS Act was tightly drafted in order to make sure it could not be rorted—and that is fair enough. Recipients had to be bona fide manufacturers of new cars or the components that went into them. Only firms that generated more than $500,000 in revenue a year from parts for Australian-built cars or firms that had 50 per cent of their output go towards car making were eligible. Services such as research and development were also included, so long as they were directed at Australian car making.

The ATS became a crucial policy lever that underwrote innovation and investment in the sector as well as long-term security for the hundreds of firms that contributed to car making. That was all as intended. What happened in September 2013 with the election of a new government was that, for some reason, sound automotive manufacturing policy was metaphorically tossed from the window of a moving car. The new government was aware of what car makers required in terms of auto-making policy and in terms of certainty for investment decisions. They could have read it on the front page of The Australian Financial Review in June 2013. Matt Hobbs, GMH director of government affairs, was quoted following talks between Australian car makers and the then-Labor government. He admitted that trading conditions had worsened since the GFC in 2009 but that further assistance could be delivered in a number of ways. He said, 'There are many ways to skin the policy cat. Money could be one of them.' What was clear then, and what was made clear to the new government later in the year, was GMH's desire to remain in Australia, to continue investing in its operations and to continue making cars here. Ford had already announced that it would cease car making in 2016 and, with the Prime Minister away on an overseas trip, some statements were made in the parliament on 10 December.

On 9 December, Mike Devereux, along with Matt Hobbs from General Motors Holden, gave evidence before the Productivity Commission. Essentially they said, 'We want to stay in Australia. Obviously there has to be a package of measures because there has been an element of government investment and involvement in the sector.' The signals were all strong that they would stay. Then, inexplicably, on Tuesday, 10 December, the Treasurer stood up in the chamber and approached the dispatch box. He said this:

So I would say to the Leader of the Opposition: put Australia first, put the workers first and join with the Acting Prime Minister and the government in calling on Holden to come clean with the Australian people about their intentions here. We want them to be honest about it—we want them to be fair dinkum—because, if I was running a business and I was committed to that business in Australia, I would not be saying that I have not made any decision about Australia. Either you are here or you are not.

It was a bit like that Clash song, Should I Stay or Should I Go. Basically I think he was telling them to go. I do not think it is any coincidence that, within 24 hours, a decision had been made out of GM's headquarters in Detroit to say, 'We're not going to stay here anymore.'

On any objective analysis—and I do not want to be party political about this—I think that what the Treasurer said and what the Acting Prime Minister said in the parliament on 10
December was provocative and rude. It was basically waving a red flag at Holden. It was telling them, 'We don't care if you stay here or not.' We know that these multinationals, as big and ugly as they can be, work on a consensus as to whether they are wanted in a country or not. And what the Treasurer said that day was, in my view, reckless and irresponsible. It was goading by the Treasurer. There was a swift and devastating reply. General Motors announced that it would cease car making in Australia by the end of 2017 and Toyota soon followed, because it was just untenable to have only one car maker in terms of the supply chain. The supply chain would collapse with only one car maker, and Toyota had to go as well.

In 2014 the Treasurer failed to point out a radical move against the auto sector: that the ATS would be abolished and $1 billion recovered by Treasury. I met at length with representatives of the Federation of Automotive Products Manufacturers and the Federal Chamber of Automotive Industries on budget night. It required some work, but it was clear from the budget papers that the government was going to capitalise on the closure of car making to recover approximately $900 million from the ATS. This was well in excess of what it promised at the election and it was decided in secret with no announcement. The government was blocked in the Senate by crossbench colleagues including Senator Madigan—who has been an absolute champion for the manufacturing industry not only in his home state of Victoria but nationally—Ricky Muir, Jacqui Lambie and, of course, the Australian Greens, who shared those concerns. Of course, this would not have happened without the opposition being very clear that their policy on the ATS was something that ought to be maintained, and I agree.

In March this year, the government, I think, quite cynically attempted to claim it had backflipped on the ATS and that it would continue to fund the sector. In reality, the government was simply withdrawing its ATS abolition bill and leaving the ATS in place, along with its narrow regulations that mean funds only go to firms if they make new Australian cars or the parts that go into them. At least it gave some comfort to GMH, Ford and Toyota that their suppliers were not going to get pushed out of business due to the closure of the ATS before 2017. So the ATS Act sits with a Senate committee, and we are looking at that in terms of alternatives.

The government is stubbornly refusing to use it to transition the hundreds of firms that are facing closure at the end of 2017. We will see a tsunami of job losses in this country, particularly in Victoria and South Australia. The consequences will be devastating. The only way to stem those job losses is to rejig the ATS. It has to be reformed so that there can be funding for all these companies with all these workers that have potentially billions of dollars worth of plant and equipment, so it can be used in a very useful way in terms of manufacturing in the global auto supply chain or to do other things, such as at Precision Components in Adelaide, which is headed by Darrin Spinks, who is doing a great. They are making heliostats for the renewable energy industry.

The government says the growth fund for transitioning the industry, at $155 million in total, including $101 million from the Commonwealth, will fix it. It will not. With the closure of car making by the end of 2017, the jobs emergency that will be created will deliver devastating economic and social consequences, at least in Victoria and South Australia. The car components sector, represented by FAPM, employ more than 30,000 skilled workers.
Where will they go? Many of these businesses, from 20 or 30 employees up to 600, 700 or 800 employees, are in real strife.

The Bracks review of the car-making sector in 2008 estimated the jobs multiplier for each job in auto at approximately 6.2, suggesting the total number of jobs at risk at over 200,000 nationally, just with the components sector. An expert report by Professor John Spoehr of Adelaide University last year estimated the possible overall jobs impact of between 150,000 and 200,000 jobs nationally. The car-making sector has been a part of the Australian economy since the early 1900s. Just how far its tentacles of employment and enterprise reach only time will tell. Greg Combet, the former minister, has estimated that three-quarters of the components sector is likely to close its doors when the last Australian car comes off the line in 2017. I think that is an accurate figure from what other experts have said.

A car industry representative this week informed me that New South Wales, not well known for being a car-making hub, has several thousand jobs at stake. These will be jobs in the so-called tier 2, tier 3 and tier 4 suppliers—firms that make a widget that goes onto another widget that goes onto another part that goes into an Australian car. So every state of Australia faces job losses. That is why the ATS is so important. It is not just the existing component firms that will benefit. Innovative firms serving the automotive aftermarket can make a huge difference—and I believe Senator Muir will address that matter later today. They can soak up some of the skilled labour that will be out of work.

In Adelaide, a small innovative company called Supashock, run by Oscar Fiorinotto, has taken the V8-racing scene by storm this year with its patented smart shock absorbers. These are computer generated. Acting Deputy President Bernardi, as a South Australian, you should check out these shock absorbers. They are world beating. Fiorinotto is one of those supersmart, quiet achievers who tinkered in his shed for years and developed a world-beating invention. He wants to expand. He supplies an F1 racing team. The Ford racing team attributed their success in a recent article in The Daily Telegraph to the Supashock shock absorbers. They can be used in the mining industry for heavy earth-moving equipment to reduce the risk of back injuries because of their computerised shock-absorbing capacity. The four-week drive market is huge in that they can give a very smooth ride on the roughest terrain.

Just last night on Adelaide's Today Tonight on the Seven network his firm was showcased. Because he does not supply a car manufacturer, his company remains locked out of the ATS. That is why I wrote to the industry minister, the Hon. Ian Macfarlane, to say, 'Reconsider changing the rules because there are so many jobs at stake here.' Mr Fiorinotto says that they could easily go up a hundred workers in a matter of months. He has employed some supersmart engineers and designers in his business. They are jobs that could exist in South Australia. My fear is that Supashock will get an offer from the Chinese or the Germans that is too good to refuse and in years to come we will see a Supashock plant, possibly, in Germany with many hundreds of employees who could have employed right here in Australia.

Many submissions have been received by the Senate Economics References Committee into the future of the automotive industry. I want to endorse several recommendations from FAPM, who have been a very diligent and energetic representative of the auto components companies. What they are saying makes sense in economic terms; it makes sense for this sector. The key change to the ATS has to be an expansion of the eligibility rules to include
engineering services provided by Australian firms to overseas customers. Australia has a huge store of know-how and expertise in auto making and this can be marketed to the world's car makers.

ATS rules need to be tweaked to allow firms to start moving in that direction. In addition, the Automotive Diversification Program, which is currently part of the growth fund, is into its third round of grants and is totally oversubscribed. This is a clear sign that the sector is crying out for transition assistance right now. The government has to massively increase the funding of the ADP—currently capped at $20 million or, better still, move it over to the ATS and use the $700 million unspent funds there to expand the reach of the ADP.

Finally, it is clear that whatever the parliament decides to do with the ATS there will be large numbers of auto-manufacturing workers out of a job between now and the end of 2017. That is why FAPM's recommendations need to be considered in terms of R&D activity being funded, broadening the definition of automotive services to include the aftermarket sector and customising processes. There also needs to be a tooling investment allowance as a key part of the diversification plan to allow for an ease of movement between ATS registration categories as transition with the industry unfolds.

Studies conducted in the wake of the closure of Mitsubishi in 2007 showed that a large proportion of these workers who lost their jobs at Mitsubishi—ageing men with limited experience—would not find work again. The ATS must be reformed to fund retraining programs and even a dedicated program to guide those who are unlikely to find new jobs into work at existing large employers, for example, in hardware retail chains.

There must be an approach here that understands the crisis that we are facing. We are facing a jobs emergency in South Australia. There will be one in Victoria as well unless we use the money that is already in the kitty—the $700 million to $800 million that will be unspent because cynically the government will not broaden out the funding requirements for the ATS. Because the auto sector is changing we need to change the funding requirements for the Automotive Transformation Scheme to allow for the Supashocks of this world and to allow for all these innovative companies that have great potential to grow jobs very quickly to absorb some of those massive job losses we are expecting in South Australia, Victoria, New South Wales and other parts of the country. I cannot overstate how important it is that we act on this as a matter of urgency. I urge the federal government to reconsider their position, otherwise there will be literally tens of thousands of jobs lost in the southern states of Australia in the next two to three years. That is something that would be not only very bad for our economy but also a national tragedy.

**Senator Ruston** (South Australia—Deputy Government Whip in the Senate) (16:00): I too stand to speak on notice of motion No. 806 moved by senators Madigan and Xenophon in relation to the importance of an automotive transition scheme to Australia's economic prosperity and development. Having listened to Senator Xenophon's very considered contribution on this matter today, I would like to put a couple of things on the record. Firstly, whilst these types of schemes are extremely important when you are trying to transition when you have had a jolt in your marketplace from something as significant as the loss of a major industry sector like the automotive sector, we do need to remember to put it into some level of context. In June alone 8,000 people lost their jobs in our home state of South Australia. When you put that in the context of the number that Senator Xenophon has quoted of people who
are potentially going to lose their jobs, or to transition into other areas of manufacture or other areas of employment, 8,000 people in one month seems a lot more significant than that. The reasons why those 8,000 people lost their jobs—and the fact that South Australia has the highest unemployment rate of any state in Australia, including Tasmania—are a very sad indictment of some of the activities that are happening in the state of South Australia. This is not in any way to diminish the significance and importance of the need to ensure that we maximise the smoothness of the transition that we find ourselves in over the next three years to move from a situation where South Australia has had a very large automotive industry—

Senator Gallacher interjecting—

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Order!

Senator RUSTON: Even Senator Gallacher, in his interjections, would have to acknowledge that the automotive industry in South Australia and across the whole of Australia has been in a state of some decline for some period of time, exacerbated by the fact that we have had a high Australia dollar. The quantities of cars that are manufactured in South Australia are relatively small, so our capacity to have economies of scale in our production costs is obviously something that other countries can do a whole heap better than we can. We found ourselves in a situation a number of months ago—possibly even a couple of years ago, thinking back to exactly when the announcement first occurred—where we had a declining industry and unfortunately the inevitable did happen. A decision was taken by the manufacturers of Australian-made cars that they no longer intended to make cars in Australia. Let us be very clear about this. It was a decision of the manufacturers and it appears as if there was probably very little that anybody could have done whether it be the government that Senator Gallacher was a member of for six years between 2007 and 2013 or whether it was this government since 2013—

Senator Gallacher interjecting—

Senator RUSTON: Senator Gallacher, it feels like you have been there forever.

The ACTING DEPUTY PRESIDENT (Senator Bernardi): Ignore the interjection, Senator Ruston.

Senator RUSTON: The Automotive Transformation Scheme has been a very important component in assisting the people in South Australia and Victoria predominately who have been impacted on by the decision for the cessation post-2017 of the manufacture of most motor vehicles in Australia. We acknowledge that this transformation scheme is fundamental to an orderly transition. But the reality is that automotive assistance in this country has been a story of evolution as tariffs and imports have been in decline from 60 per cent in the 1980s to now one of the lowest rates in the world. We have to accept that it was a decision to reduce tariffs that has progressively prevented Australia from being able to compete on a global market for the manufacture of motor vehicles. We have delivered over a billion dollars in investment through the ATS, but the industry has been evolving and it has now evolved to a point where the decision is made that it is no longer going to exist in Australia. As I said, the pressure from a high Australia dollar, a highly competitive marketplace and relatively small production volumes are all reasons that have collectively created the perfect storm to result in the decision by the motor vehicle producers to cease manufacture in Australia. All the
manufacturers have been quite clear that the level of government support was not the reason for their decision to cease domestic manufacture.

Between now and 2017 the ATS will provide a very important component for transition, and that is why this government has never moved away from its original commitment—and the original form of the ATS—that it would remain in place until 2017. It will come to a conclusion in 2017 because that is when Toyota and Holden have indicated that they will not continue to manufacture cars in Australia. The fact that we have maintained that all the way through this process, never deviating from our original commitment, we believe has provided some certainty to the automotive industry. It has also provided some certainty to component manufacturers. They have known all the way through what this particular scheme is likely to be able to deliver, how much money was going to be accessible and what outcomes the government was trying to seek by the injection of this kind of money into the capacity or the ability of the industry to minimise their number of job losses by retraining and by assisting industries to move into other areas in the economy.

As you would know, coming from South Australia, Mr Acting Deputy President Bernardi, none of this transition was helped terribly much by the fact that BHP decided that they were not going to continue with their mining pursuits at Roxby. That alone has been a major blow to the South Australian economy. The opportunities that would have been provided by the expansion of that mine, had it been able to be progressed in the time frames originally proposed, probably would have seen almost a negligible impact from the wind-down and eventual cessation of the automotive industry, because there would have been so many jobs created by that mining project and all the associated mining activities that would have gone with that massive expansion. However, that was not to be, and it was another blow to the South Australian economy. Who was to blame for that? We will not go into that, but the fact is that we actually have had a series of activities that have all ended up pointing to a very bad space for us. Only a matter of weeks ago, we saw the decision by Alinta, our power stations in the northern part of the state, to shut down their two power plants over the coming years. So we have had, I suppose, a trilogy of really significant negative events that have seen three very major employment and economic development opportunities either cut short or removed from our economy.

As I said, the decision to maintain the automotive industry transition package as is has provided some certainty, but we all need to remember that it is not just that alone that is impacting on the South Australian economy. There are a lot of other things feeding into this particular issue. So the original $300 million legislated cap on funding for each of the three years, 2015, 2016 and 2017, will remain in place. The policies around the automotive sector have, I think, evolved to fit the economic and investment climate of the day. Today the focus for the automotive sector is on transition, and I certainly acknowledge that. In particular, that means the transition of our vehicle component makers to new products, new markets and new opportunities.

When we look at the new markets, the new products and the new opportunities, we do not have to look terribly far to see the opportunities provided by the free trade agreements that have been negotiated since this government has come into power and to realise the opportunities that we are trying to create offshore and some of the extended programs that we are trying to put in place to enable transition opportunities for not just the automotive sector
but all Australian businesses. One thing you can be sure of in a country the size of Australia is that we are never going to get rich selling to ourselves. So it is extremely important that we capitalise on the free trade agreements that we negotiated with China, Korea and Japan.

All I can say is, 'Shame on those opposite for the damage that they are trying to cause to the China-Australia free trade arrangements'—because it is these very arrangements that have the capacity to absorb a lot of the excess capacity that Australian manufacturers have. In situations where we lose an industry like the automotive industry and we seek to transition that industry, those workers, those component manufacturers and the associated businesses support that industry, it is really important that we have markets for those products—and what better markets can we think of than those that are very close to our shores, in China, Korea and Japan? So I think that there is some very positive news in this space, and I urge those opposite to get on board and try to work with our Australian businesses—in particular, our Australian manufacturing industry—to make sure that we take advantage of the opportunities that are presented by agreements such as the agreements we have with China, Japan and Korea.

There are a number of other activities that the Australian government has put in place outside of the transition package to ensure that we have a strong and competitive Australian based manufacturing sector. But 'Australian based manufacturing sector' does not mean to say that we have to sell the products that we manufacture in Australia. Sure, a strong domestic market is always good, and not putting all your eggs in one basket is obviously a very fine motto to have. We are committed to a strong manufacturing sector, but we have to also be realistic about the fact that we have probably one great competitive advantage in this country—one which we perhaps are not taking as much advantage of as we should—and that is that we are extraordinarily innovative. So one of the thing that this government has sought to do is to increase its focus on investment in research and development, to make sure that we continue to be the smartest country in the world when it comes to manufacture and, in particular, to make sure that we are the smartest growers of our primary produce.

Australia absolutely can be innovative and it can be competitive and it can be a generator of jobs and investment, but it particularly must be a generator of export products. So I call on those opposite to support the government in its initiatives and its drive to make sure that we open up markets in Asia and the rest of the world for Australian manufactured goods. But, as I said, it is not just about our manufactured goods; there is another industry that is in our home state, Mr Acting Deputy President Bernardi—the home state that is also the home to Senator Gallacher, who I believe will make a contribution when I sit down—and that is agricultural and our agricultural pursuits. Once again, the opportunities that are available for our products in these markets in Asia is absolutely massive. These products do not attract subsidies; they do not attract protection. Our agricultural sector does not have transition packages when we find out that people do not want, for example, naval oranges and they want to mandarins these days. We do not have transition packages in the agricultural sector.

We also need to remember that, if the government is going to put in place the infrastructure so that Australian businesses can flourish, we have to make some tough decisions. We cannot fund everything. It would be very nice to think that we could but, unfortunately—as those in this place have probably heard many times from people on this side of the chamber—we were left with a debt and deficit problem that probably prevented us from spending money in areas
that we would have liked to make sure that we created an environment so that our manufacturing businesses, our primary industries, our service sector and all of our economy were given a much better chance to be competitive in the global marketplace. Those opposite can take the blame for the fact that that was not to be the case. Responsible economic management is something that this government takes very, very seriously.

Since coming to government, we have done a number of other things in support of our manufacturing sector. The abolition of the carbon tax alone has been a significant help to business. The fact that we are now sitting here with the Leader of the Opposition saying what is tantamount to his intending to bring a carbon tax back in should they be re-elected at any time in the future is just extraordinary. Only a couple of days ago, when Minister Hunt announced our targets for emissions reduction, we found that those opposite think we should have emissions targets of somewhere between 40 and 60 per cent by 2030. But they failed to mention that the price tag of those emissions reductions would be something along the lines of $633 billion. That is the total projected debt of this country, and they thought that by this particular action they were going to double it between now and 2030. We need to get this whole discussion in that context.

Going back to the transition package and the particular motion moved by Senators Madigan and Xenophon on the importance of the automotive transition scheme to Australia's economic prosperity and development, the government are doing a number of other things to ensure we assist in the transition of this industry and in the minimisation of job losses and the maximisation of the economic output of those states that will be most affected by this change. Examples include cutting the company tax rate by 1.5 percentage points and cutting $2 billion of red tape out of the economy. These kinds of things all assist to make businesses that are operating within the Australian environment more competitive. Examples of other things this particular government, which I am a member of, has done include the implementation of the $50 million manufacturing transition program. Our ongoing activity in the area of trying to strengthen antidumping laws and regimes is something that had been completely forgotten. Other examples are the implementation of the $150 million growth fund and the pushing forward of the Industry Innovation and Competitiveness Agenda, including the Industry Growth Centres.

One of the things we cannot forget is that, under the previous Rudd-Gillard-Rudd Labor government, one manufacturing job was lost every 19 minutes. We need to make sure that we get in context the trends, the change and the pace in which these things are occurring. As I said earlier, there is 8.2 per cent unemployment in South Australia, 8,000 people will lose their jobs in June and the fact that we have the scaling down of most of the mining activity that has been such an important part of the South Australian economy for so long. Alinta has announced its intention to shut down its two power plants in the northern part of the state. The announcements from the 'valley of death' which, hopefully, we have managed to mitigate the impact of, somewhat, by the Prime Minister's announcement last week of the frigate and surface vessel manufacture in Australia for our defence sector. Hopefully that particular activity will go towards preventing that from being any worse than it already has been. But the cold, hard reality is that it is a Labor government presiding over this 8.2 per cent unemployment and other closures in South Australia.
Let us not forget that a legacy has been left to us by those opposite. Let us not forget that we have not in any way changed our commitment to the automotive sector or to the transition scheme that we have put in place. And let us not forget that this needs to be judged in the context of how bad it would have been had we not come into government and put in place a whole heap of initiatives that, hopefully, are stemming the tide of the bleed of the things that were left to us by those opposite. It is really disappointing, and I am sure the contribution of those opposite is going to be much more negative, but I want to finish on a more positive note.

Recently I attended the state address in South Australia where a number of our leading business people such as Business SA and the South Australian government addressed the crowd about the state of South Australia. Whilst we all acknowledge that there were a number of things—and I have outlined them today—that have had a major detrimental impact on the South Australian economy, one thing was very pleasing. I sat next to a gentleman who worked for one of our leading component manufacturers in South Australia and asked him how he thought the government was handling the transition with the ultimate closure of the automotive industry in 2017. He said he could not have praised the people he had been dealing with highly enough and that he thought the transition package was working extremely well. He said that he and his company had taken advantage of this particular package and he believed that the opportunities that were able to be opened up to him, his company and his business by being able to access the resources—not just the financial resources but also the advisory resources—were something that would make all the difference between his company surviving and it not doing so.

Senator GALLACHER (South Australia) (16:20): I too rise to make a contribution on this debate on the Automotive Transformation Scheme, and I will take the challenge from Senator Ruston to make my contribution not so much negative, but more positive. The reality, though, is that there was an election in September 2013 and a government was elected. Whilst it is fair to say that they can argue that decisions made prior, or no decision made prior, can impact on their ability to govern, they cannot keep trotting out the same excuse two years later: 'Our hands are tied by another government.' You are the government. There is a transformation package and there are two competing views here. There is the economic rationalist view: just chop it, let it burn, let it die, move on, get the workers into another sector of the economy and let it all go.

Let us go back and see what we are talking about here. Let us take Holden—the history of Holden dates back to 1856 when it started as a saddlery business in South Australia. Today Holden is one of only seven fully integrated global General Motors operations that designs, builds and sells vehicles for Australia and around the world. It is a very tight, efficient operation.

We know that Chifley launched the first mass-produced Australian car in 1948. We know that Holden has had its headquarters in Port Melbourne, Victoria, with the engine-manufacturing plant on site and vehicle-manufacturing operations in Adelaide. Holden is represented by 230 dealerships nationally and employs about 3,500 people. We know that, in 2013, Holden began the production of the VF Commodore, the most advanced car ever built in Australia, incorporating light-weight technologies such as aluminium construction, a raft of
cutting-edge driver safety and infotainment systems and that it set a new standard for Australian cars. We know that that is what is at risk.

We also know, those who want to listen to the argument, that we are a small country and that 200,000 cars is probably not the economy of scale that the modern global manufacturing motor vehicle sector needs. I know they make a million cars in Thailand. When I visited Thailand, we had the opportunity to meet business people who put together a trade mission to South Australia to talk specifically to the component manufacturers there about refocussing their attention on the emerging opportunities in both Thailand and Myanmar. They came to talk to South Australian component manufacturers who should refocus their attention from Holden, as it is today, Ford or Toyota, to the emerging opportunities in Asia. Despite the best endeavours of Senator Xenophon, Senator Madigan and the Labor Party, we find that these people are not able to turn their activities to the opportunities that may be around, the opportunities that arise from their great skill and expertise in the work they are currently doing.

Senator Rushton was critical of this side of the chamber about free trade agreements. I was fortunate enough to sit through the Japan-Australia Economic Partnership Agreement inquiry and the Korean-Australia Free Trade Agreement. Hopefully I will be around long enough to go through the China-Australia Free Trade Agreement inquiry. One of the things that really struck me in the evidence given, not by some one who is opposed to the free trade agreement but by someone who is in favour of the free trade agreement, representing the Australia Chamber of Commerce and Industry, was that they represent 18,000 companies. I thought that was a really good slice of Australian business. Of those companies, 20 per cent export but 100 per cent face the full competitive effects of a free trade agreement. So the people who are quietly going about their business in Australia, people who do not export but just do things in the economy which makes them a quid, are employed and reasonably happy, but they have no idea what the effects of a free trade agreement will be in their world or that their business could be turned upside down. They are not ready for it. They have no knowledge of it.

The economic rationalists say that competition is good. What competition actually means in a lot of sectors is failure of business, reduction of employment and people exiting. And low and behold, I think that is why you have a transformation scheme. All governments, of whatever colour or persuasion, have a responsibility to mitigate the effects of competition or decisions which they have made on the economy.

Here we have 100 years of history. You have a manufacturing sector which makes motor cars. The simple fact is I am probably the last generation who drives a six-cylinder, rear-wheel drive Ford or Holden. I will not drive anything else. It is quite apparent that younger, more savvy consumers are buying more fuel efficient cars and small cars. Therein you have the problem. Holdens, Fords and large Toyotas are probably not the flavour of the month with young buyers. They are not getting the penetration and the market share any more. I suppose we have to accept that, but we should not accept that the 100 years of expertise and skill which has been generated in the component industry and in the other sectors is just thrown out with the bathwater. We should allow those people to access funds to return themselves to other sectors of the economy where they can also take their skill and expertise. Let me give an example.
There is a warehouse on the road as we speak. There is a truck leaving Melbourne. It will get to Nhill and within a 35 kilometre radius of Nhill, which is half-way to Adelaide, another truck will meet it, they will swap over and the components will go both ways. That trucking activity will stop. That warehouse on the road will disappear. You can argue there is plenty of work in transport, that they will just cart something else, but they are good well-paid jobs. This transformation scheme should be getting to the point, as Senator Xenophon and others have said, where people who have good expertise and good ideas are assisted to continue to add value to the economy; they should not just be laid to waste.

Independent modelling has said that up to 200,000 jobs that will be lost between now and 2017—100,000 jobs in Victoria, almost 25,000 in South Australia and over 30,000 in New South Wales. If consumers have decided not to buy Fords and Holdens and the company has decided, as we hear, not to produce cars here in future, I would contend—egged on and booted around particularly by the Treasurer, Mr Hockey, and Senator Rushton would say it is our fault or some other government's fault—that it is incumbent on any government to look at look at 165,000 potential job losses and have a bit of a think about what can be done. Where is it that we can mitigate? We only have to see the work that has been done in very recent times by the coalition in South Australia in shipbuilding, where the Prime Minister has been dragged kicking and screaming, under the threat of his own job and electoral losses, to announce grudgingly and very late some improvement in the situation. Why doesn't he come to the table here? Why doesn't he get Minister Macfarlane to look into this and spend the money? Make an attempt to let people transition to a better part of the economy without the job losses and without the closures.

It would seem to be a callous and uncaring government that would actually let this happen. They simply look at the forward estimates and at the money saved and not look at the destruction of lives, families, economies and small business. These people will not all be in large businesses; they will be in small businesses, supposedly the heart and soul of the coalition's constituency. They are absolutely callous. When you look at the South Australian small businesses that will be affected both by the valley of death in shipbuilding and at Holden, it is almost impossible to believe that a government could actually do this.

I note that Senator Ruston made a contribution in this debate. I was expecting Senator Edwards, Senator Fawcett or even Senator Birmingham to make a contribution, but they are as quiet as church mice. The deputy whip got the job of reading the platitudes and blaming the other side—'It is their fault,' 'They did not do this,' and 'They did not do that.' I remind you again that in September 2013 you were elected to govern. It is your job to govern. You govern with the circumstances that you face—and you face potentially 155,000 jobs lost in Victoria, SA and New South Wales. What are you doing about it?

People are crying out for access to funds to transition their small business into different sectors. As I have said, a group from Thailand visited South Australia looking to get the component manufacturers to redirect into that large manufacturing country where they make one million motor cars a year and even to look at the new frontier that is opening up in Myanmar. Let us look at the global motor vehicle supply chain. A classic example of that at the moment is the Takata airbags. A Japanese company designs them, they are made somewhere and they are in every Toyota. They are not going too well. Apparently a number
of them are defective so there is the biggest recall in the history of the world of automotive manufacturing.

Why is it that we exclude ourselves from the opportunity to participate in making components and having them in every motor vehicle that is exported around the world? Why are we shutting down our opportunity to continue with almost 60 years of acquired skill and experience? Why are we not endeavouring to retain some of that? I do not know the answer. Perhaps someone from the other side will give us the answer in a later contribution. I have to tell you that the answer is not that it was Labor’s fault prior to 2013. That is not the answer. The answer has to come from this government, and I suspect the answer is that the economic rationalists are totally in control. The forecasts of budgetary savings are more important to those in charge of the Liberal Party than the livelihoods of 155,000 people in Victoria, South Australia and New South Wales. I suspect that is the case. If it is not the case, I am sure someone will take up that challenge in debate.

It really beggars belief that there is an automotive transformation scheme that component manufacturers are excluded from, given the fact that diffs are made in South Australia, engines are made in Melbourne, components are made in all different geographic sectors of Adelaide and they are then consolidated at the manufacturing plant. I suppose in Thailand it would be no different. Components would come from other countries and components would come from other regions. Why can’t we join the manufacturing world game? We have the expertise. We know from information here that General Motors has only seven plants in the world that do the whole lot—it is fully integrated and global.

We used to sell Camaros to the Californian Police Force. We used to export many status, prestige cars—the Caprice and those sorts of cars—to the Middle East. We know that when the dollar was down at about the level it is now at those opportunities were growing. I can remember driving past the embarkation point for cars on the Port Adelaide wharf and seeing it full of Camaros going to the United States. We know that there have been a lot of trials and tribulations. We know that the zero tariff on cars coming in has precipitated this decision. If you look around the world five per cent is actually equivalent to a zero tariff but in Australia we are so economically pure that our economic rationalists go right down to zero. If you wanted to take a carton of milk into the United Arab Emirates and you were not competing against any dairy industry there, there would be a five per cent tariff on it, but anyway that is probably a debate in another area.

Senator Ruston did comment about our opposition to free trade agreements. We are not opposed to free trade agreements. I think ‘free trade’ is a bit of a misnomer in some respects. We are not opposed to competition; we are opposed to unfair competition. People need to be aware of what is coming. The evidence from ACCI was quite clear—20 per cent of their people export and not many of those people actually know all of the rules and regulations of export and take full advantage of the export opportunities, and 80 per cent of them do not and hit the full competitive force. In essence, this is what is happening with the Korean free trade agreement. We are getting cars in for zero and it makes it tougher.

There has been an onslaught on our car manufacturers for a lot of years. There should be a genuine transformation package. It has been put often enough in this debate that the coalition has turned its back on the industr...
Those opposite have turned their backs on the industry and are just going to let this wash out. It will wash out.

If we return to the debate in question time today where Senator Abetz said it is probably be fine to get a text message or an email saying your job is no longer there, well, if this comes to pass and 100,000 jobs in Victoria, 25,000 jobs in South Australia and 30,000 jobs in New South Wales go through lack of action in this sector, then I would be suggesting that those people may well be sending a text or an email to Senator Abetz and his cabinet colleagues saying, ‘We are going to use our best endeavours to make sure your job goes. The day of the election is the day we will tell you about what we think about your actions, sorry, lack of actions in this sector.’ I am sure that Senator Abetz has probably had plenty of texts or emails reflecting on that matter so it will be water off a duck's back.

But you cannot destroy a manufacturing sector, you cannot walk away from core promises on building submarines or ships in a small manufacturing economy like South Australia and not pay an electoral price. It is my view that the Liberal coalition and members of parliament in South Australia are going to pay an electoral price for this lack of action. It is also my view that they should turn around and start acting now to put in place remedial action to address the situation that 25,000 South Australians could lose their jobs and 100,000 Victorians could lose their jobs. They need to think it through and get on the front foot. They are the government. They cannot keep hiding behind carbon tax or stop the boats. This is in front of them; it is happening to them.

There is an opportunity to steer small component manufacturers and small businesses into more productive sectors of the economy to give them opportunities to join the global export of components and they should do it now as an absolute matter of urgency. They cannot hide away from this issue. They cannot blame former ministers or former governments. It is their watch, it is their time to act and they should act now.

Senator MUIR (Victoria) (16:39): I rise to speak on this general business notice of motion in relation to the Automotive Transformation Scheme. I hope that all my Senate colleagues note the importance of the Automotive Transformation Scheme to local jobs and the local economy. As we just heard, there is a very good chance that we may lose 100,000 jobs in my home state of Victoria and more flowing on through South Australia and so on. I hope that my colleagues do not just notice the importance of the Automotive Transformation Scheme but also what it can achieve today and how it can be adapted to seize opportunities into the future.

We are all well aware that this scheme is critical to ensure the viability for not only the new vehicle producers—Ford, Holden and Toyota—who are winding up their major manufacturing operations in Australia, but the current scheme is also essential to supporting the component, tooling and service producers who are part of the supply chain affected by the departure of these major manufacturers. I am calling on the government to recognise the opportunities to transform the industries in these areas outside of the current scope of the scheme.

Some may be aware of the Automotive Diversification Program and would argue that this is the place for what I am about to call for. Based on industry feedback, the Automotive Diversification Program is limited in its scope and not really fit for purpose. Rather than
having two funds which are not really targeting the opportunities before us, should we not consider reducing red tape and roll both programs into a single expanded scheme?

The Automotive Transformation Scheme could be expanded to not only provide the necessary support required now but also seek to invest in the opportunities the scheme does not capture currently. We still have time to better engage with industry and redefine an appropriate scope that maximises the opportunities for local manufacturing and local jobs in Australia. We need to diversify the Automotive Transformation Scheme to cover not only what the poorly defined and implemented Automotive Diversification Scheme attempted to achieve but listen to those who are looking to start up a new and unique automotive manufacturing offering.

Companies such as Applidyne are seeking to develop a new car to a specific market segment. They wish to utilise our local skills in car design and manufacturing. They plan to develop a SUV for the Australian market. They see their target market as the off-road enthusiast. What makes their offering unique is that they are looking to develop an electric off-road vehicle. This company has the local Australian intellectual property necessary around transmissions and suspension design and they are intending to partner with other local industries as necessary. Right now Australia has the capability in car manufacturing that they can access, but for how long under the current government policy?

Applidyne are seeking to create local jobs using a local management and design team with a track record in technology development and commercialisation. Whilst initially starting with a donor vehicle similar to how Tesla started with the Lotus so they can focus on the drivetrain and suspension, in the longer term they are looking to develop a whole vehicle with Australian skill, facilities and suppliers. Their economic modelling suggests that this program will create at least 6,000 direct jobs and 30,000 indirect jobs over 10 years, with export revenue of $3.5 billion per annum in year 10.

All Applidyne is seeking from the government is an investment of $150 million. This $150 million could go towards potentially soaking up some of those 100,000-plus jobs which may be lost in Victoria. They are excluded from the Automotive Transformation Scheme as they are a company in start-up phase and cannot claim their research and development until they are registered as a motor vehicle producer. Applidyne have made representations that the automotive transformation scheme should be amended to support research and development for both existing and start-up automotive companies, and I would be inclined to agree. This is simply one example.

Recently there were media reports about another start-up, Ethan Automotive. They have also been seeking to manufacture an Australian family SUV to fill the void left once Ford, Holden and Toyota depart. Their unique selling point is around their local manufacturing process that will utilise a modular chassis that can be used across three different models.

According to the industry minister, he is of the opinion that industry is not asking him to change the guidelines. His argument is that they are tried and proven. The industry is definitely asking for him to change the scope. However, evidence presented to the Senate inquiry by Applidyne and others about the future of Australia's automotive industry would appear to contradict what the minister is suggesting.
We also have an aftermarket industry that is alive and well and begging for investment. It is a part of the automotive industry that is ready to expand and redeploy some of the skilled workers who will be left jobless when Holden, Ford and Toyota depart. The aftermarket industry has called for the ATS to be adjusted to allow the industry to expand. This expansion will not only help fill the void but also focus on opportunities to export Australian manufactured products overseas. With the inquiry due to deliver its interim report soon, I would hope that there would be a recommendation to alter the scheme to take advantage of these opportunities for economic growth. Of course a recommendation is only a recommendation and I would then hope that the government would act on it appropriately. The aftermarket industry not only struggles to receive any sort of government support to grow its export business but its domestic business is constantly under threat from bureaucratic red tape in Australia.

The federal government has gone to great lengths to harmonise our Australian Design Rules with many other countries for newer manufactured and imported vehicles to ensure easy importation, certification and trade. However, state and territory government bureaucrats cannot work together to recognise a common set of modification standards across our own borders based on these standards. The federal government has provided a set of common modification rules to adopt in the form of the National Code of Practice or NCOP. It is not uncommon for modified vehicles to be driven from one state to another state, be defected and the driver fined simply because the modification rules are different between states. Even after recent changes to the Australian Design Rules to recognise developments in technologies, such as LED light bars, the states are not able to agree on how these are to be mounted or used on a vehicle.

A local aftermarket manufacturer, ARB, has developed a four-inch lift kit for the Jeep Wrangler. It has been extensively engineered and tested to meet safety requirements in Australia. It appears, however, that it can only be legally fitted in Victoria and New South Wales. This is an Australian developed, legally and professionally fitted aftermarket product. A family on a 4WD tour holiday outside of Victoria or New South Wales with this aftermarket product fitted risks being defected and fined for driving over a line on a map, an imaginary line. There is also a risk that they are not insured outside of their home state as the modification is classified as illegal by the local jurisdiction they are visiting.

You can have a legal type of motorcycle helmet in Victoria or Queensland that complies with the required standard there, but cross into another state and chances are that, if it complies with the European standard and not the Australian one, you will be fined. This is absolutely ridiculous and lacks common sense.

I use this opportunity to highlight to various bureaucracies the harm that they are doing to consumer confidence in the domestic automotive aftermarket industry. Motoring enthusiasts have a passion for customising their vehicles and they have the funds ready to invest in the aftermarket industry. But first they need the confidence that they will not be unfairly targeted by law enforcement and possibly have their insurance voided because laws governing the use of aftermarket components are inconsistent between the states.

In conclusion, not only does the federal government have an obligation to listen to the evidence presented from industry and adjust the rules of the ATS to better capture the opportunities presented but, likewise, the states have a part to play by introducing consistent...
vehicle modification and safety laws to help ensure the future and growth of the Australian aftermarket automotive industry.

Senator FAWCETT (South Australia—Deputy Government Whip in the Senate) (16:49): I, too, rise to talk on this notice of motion because it is important for Australia, and for South Australia in particular where, as the media has been highlighting, unemployment is an issue. We are seeing numbers there that are the worst in the country and we need to be working to see those numbers reduce. Indeed, that is what the federal government is doing, and we encourage the state government to be working with us, as they are in some programs. We also encourage those opposite and those on the crossbench to work with us in terms of shaping the environment that allows people the confidence to invest in and create jobs in South Australia. I think it is important that we recognise that that environment is important as we come to talk about the automotive industry, the transformation scheme, and importantly the future that this government is seeking to shape.

I will briefly talk about that context before I go on to the initiatives that the government is putting in place for the future because those opposite have been making a number of claims that really do need to be put in context. The claim has been made that the closure of the automotive sector has occurred under this government's watch. Having been in the lower house as the member for Wakefield, between 2004 and 2007, I know that even back then the large automotive companies were very focused on their global programs. I recall going to GM and seeking their cooperation so that we could invest as a federal government—then the Howard government—into research and develop production techniques and battery technology for electric cars so that Australia could play a leading role in developing what was then going to be a niche market. After a number of meetings it became very clear, in fact it was stated quite openly, that as far as GM were concerned they were a global operation, they had their research centres—I think Japan and the US were the two key ones—and no amount of incentive from Australia actually interested them in where they would change the focus of their research effort.

As we step forward, we see the response of the Australian consumer, who decides—and members opposite have acknowledged that people have voted with their feet and their wallets, and over the years they have increasingly moved to cars that are manufactured in Europe or Asia. Whether that is due to size or style or brand, who knows what the reason is? But the fact is that with the volumes that were being produced here, even when we worked hard—and both sides of politics have tried to work hard to get export markets for our manufacturers; Senator Gallacher correctly referred to the period when Holden in fact were able to increase their shifts again because we started to get an export market for cars into the United States—even with that, the global nature of those businesses meant that they made the decisions that it was not economic to continue manufacturing here in Australia. Mike Devereux, who was the CEO of General Motors at the time, said that a decision had been made because of their long-term business case that it just did not stack up and that those decisions were made quite separately from any government policies here in terms of the amount of subsidy or co-investment that we wanted to make.

So it is really important to recognise that there has been a change. Both sides can throw barbs. We can talk about things that the Labor Party did, and they can talk about our approach of supporting free markets, but the reality is that in the automotive sector the change has come
about because of the global business model and the decisions—in my case, for South Australia—that General Motors made in the States.

The question is: what are we going to do about that? The Automotive Transformation Scheme is one of the responses that the coalition are sticking with, in that that scheme has been in place, and we are happy to stick with the guidelines on that to provide certainty to the industry because that enables people to plan for the future to transition and look for new opportunities. There are a couple of aspects that I think are important in that. One is that people who are involved in the component-manufacturing sector have opportunities that are being realised right now under the current scheme.

Let us look at Nissan Casting Australia. Everyone thought that, with the wind-down of vehicle manufacturing in Australia by 2017, they would be shutting up shop; their workforce would be dismissed, and those jobs would be lost to Australia. In fact, what has occurred is that, by working with the CSIRO, they have come up with new and improved manufacturing techniques. Working with overseas manufacturers from Nissan, they have made a decision now that they will continue to make parts for the Nissan LEAF, which is their electric vehicle—so that is a vehicle for the future that they will continue to manufacture parts for—and 38 other models. In fact, the demand is so high for them, because of their exports to Japan, the US, the UK, Thailand, Mexico and South Korea, that they are working three shifts, 24 hours a day, seven days a week to meet that demand. So even in this current environment—while people are saying, 'The sky is falling; there's gloom everywhere'—under the current rules, we see component manufacturers who are ramping up their production due to exports to the point where they have continuous operations.

And it is not only in Victoria. In South Australia, my own state, we are seeing the transformation scheme assist people who have been involved in the automotive sector to move from that sector into new sectors. Again, importantly, in terms of finding a market that is large enough that it will sustain production now and into the future, it is not domestic; that market is export. So we see that these people have moved from auto components. Heliostat SA, which is a subsidiary of what used to be Precision Components, now, using a $1 million grant, has moved into producing solar components for the Mitsubishi Hitachi Power Systems corporation. So they are now exporting advanced manufacturing, high-value components overseas to Japan as an alternative.

They are just two specific examples, but I would like to refer the Senate to an article by Peter Gill in March this year in the InDaily, which is a South Australian online publication, where he looks at research that has been done by an international research house into the automotive sector. This has been backed up by work done by the Productivity Commission. Their estimate is that after 2017, into the future, there will still be at least 50 per cent of the auto parts sector that will continue. They put that down to a number of things. One—as Senator Madigan, I think, or it might have been Senator Muir, mentioned—is the aftermarket sector, which is growing at around four per cent per year at the moment. There is the spare and replacement parts market. And, importantly, there is that export market, which, as we have seen, is not only existing but growing.

The potential is there for Australia because we are smart with our innovation. We make consistently high-quality products. That is why we see things like differentials that are made in South Australia being exported around the world—because we can provide consistent,
high-quality products into markets in Europe and other places, and compared to Europe our labour costs are no higher. So those markets will continue and, if anything, they have the opportunity to grow, because this analysis that was being reported on by Peter Gill was done at a time when there was parity between the Australian dollar and the US dollar. As our dollar comes off, that makes our products even more competitive. What we are seeing there is that, in almost a worst case situation in terms of exchange rates, the industry will survive and in some sectors grow. They are saying 'around 50 per cent', but as our dollar comes off there is the potential for that to increase even further.

What are the other aspects of what the government is doing in looking to create jobs? The $155 million Growth Fund is one of the areas where we are seeking to work with industry and with state governments to put in place a balanced range of measures targeted to help the industry transition. Particularly for South Australia, one of the programs that has just been announced, which I am very thankful for, is the Next Generation Manufacturing Investment Program. Round 1 of that has been announced, with some $28.8 million to 15 businesses in South Australia. Importantly, one of the features of this program is that we needed to see co-investment by these businesses. They said, 'Look, we have enough faith in what we're doing and what we're proposing in this new market that we'll stump up our own capital.' So these are leveraged complementary investments, and the total investment in new manufacturing capability is around $73.3 million. That is good news.

What it means is that we are providing the opportunity for people in South Australia who innovate to capture the market. We see large primes like BAE Systems, who have acted as a catalyst to feed funding and focus for defence programs—things like titanium milling to support the vertical tailfin production for the Joint Strike Fighter, which is then farmed out to a lot of other second-tier SMEs around Australia who contribute to that. We see companies like Leavitt Engineering, who have won funds under this program and are producing parts for the Joint Strike Fighter engine. We have seen their workforce not only grow but, importantly, grow in terms of the technology they are using and the complexity of the manufacturing they are doing. Not only do they have the Joint Strike Fighter program, they now have the design and manufacturing quality and capacity that opens up future markets for them.

One of the other significant recipients of funding under this program is Seeley International, which is a fantastic South Australian company. In fact, in the past Frank Seeley has been named South Australian of the year for his contribution not only to manufacturing but also to South Australia and our community more broadly. I particularly look at the investment he has made in things like the testing centre at Seeley International. This is an internationally certified and recognised testing centre. So for the first time we can compare different systems under controlled conditions and give very accurate results to companies that may want to design a specific system—and we see this going into everything from wineries, through to commercial premises and educational premises. Sometimes when they have specific moisture requirements, Seeley is able to tailor the design of a product to meet the customer's needs.

Not only is this good for South Australia, but the export potential is huge. By using the natural cooling power of evaporation, this product—the Climate Wizard product that he has developed—dramatically reduces outdoor air temperature with very few moving parts. It is achieved with a 'counterflow, water-to-air heat exchanger'—this is what I am reading from his
website—and it is an innovation they hold a world patent on. The reason it is important is that it reduces energy by up to 80 per cent. The clients who have bought this technology can use it as a stand alone, or they can use it to precondition the air before it goes into a normal refrigeration-type system, and they are seeing the energy demand fall by nearly 80 per cent.

At a time when we are concerned about emissions; at a time when our society is, rightly, concerned about the cost of electricity, and about the capacity of our networks to provide, what we are seeing here is funding coming out of this transformation scheme and the next generation of advanced manufacturing investment. We are seeing support and development for this technology that has good environmental benefits; it has good technology benefits, in terms of supporting and growing that innovation; and, importantly, it is creating additional jobs that will benefit workers in South Australia and the South Australian economy. It supports that innovative approach.

The government is not resting on its laurels—it is keeping the Automotive Transformation Scheme in place; providing certainty to the sector; responding to the circumstances that it has inherited; and it is looking to the future. It is encouraging to see the companies that I have named—Heliosstat and Nissan—and the study that is saying more than 50 per cent of the sector, in terms of the automotive parts, will survive. That is just in automotive—let alone those that transform into other areas, such as Heliosstat. Importantly, the co-investment between industry and the state and the federal government means that we are moving ahead and creating opportunities for jobs, not just now, but jobs into an international market, which provides a much longer-term and more certain opportunity for export and manufacturing work in South Australia and around the nation.

Senator KIM CARR (Victoria) (17:04): I will be happy to speak in this discussion about the importance of the ATS to the Australian economy. In starting from this proposition, I acknowledge the comments that have been made the coalition senators in this regard, but in a government that is dominated by Sydney North Shore merchant bankers, one would have to expect that there would be little understanding of how important manufacturing is to this country. One would have to expect that, because of the idea in Sydney that everything west of the Sydney Harbour Bridge can be discarded and what is really important is our place within the international trading system for commodities, the decisions taken by this government to destroy the automotive manufacturing sector were going to always be made.

Prior to the last election, that is exactly the proposition that the Liberal Party announced. They said that they wanted to take $500 million out of the ATS. Then they went further after the election and said $900 million. Do we all have such short-term memories that we cannot recall the actions of the Deputy Prime Minister of this country goading General Motors to leave? Do we forget what actions were taken by the Treasurer of this country in describing our automotive manufacturers as rent seekers? What do you expect from the merchant bankers of North Sydney? You expect an attitude that, essentially, is contemptuous of blue-collar Australia. You expect an attitude that, essentially, is contemptuous of even using the word 'innovation'. You expect an attitude that attracting new investment is somehow or another immoral because, unlike every other part of the world, the free trade Taliban in this country has to operate on the basis of the absolute free market. Of course, nowhere in the world does automotive operate in that way—nowhere. We know that in this country, by international standards, the support for the automotive industry has always been very
modest—less than the price of a footy ticket per capita, compared to the hundreds of dollars spent in the United States, in France or in northern Europe. Why have governments, up until this government, chosen to do that? There has been a bipartisan approach. Why was that? Because of the importance of automotive to the future of this nation.

We know the consequences of the decisions that have been taken. We know about the hundreds of thousands of people that are now facing a crisis in their lives. We have heard Mike Devereux being quoted. What we know now is what he said at the time: it would cost more to lose the automotive industry than it would to keep it. Isn't that a chicken coming home to roost?

We know this government makes much of what it is doing to put the bandaid on the enormous gash that it has created in Australian manufacturing jobs. We know it has taken $3 billion out of industry programs in this country. So is it any surprise that we now have the highest level of unemployment in 20 years in this country? This is despite the fact that the dollar has come down so much.

What we have is a new car plan that not only saw the automotive industry in this country prosper at a time when around the world the automotive industry was in retreat but also meant that in Australia we were attracting new investment at a time when the costs were going up by 30 per cent just as a result of the currency movements. What a contrast we see with this government! The diversification program has been mentioned here. What does this government do at a time like this? It cuts it in half. We heard great stories about what has happened in battery technology, among other things. These are the products of the new car plan. We instituted programs that saw the development of new research projects with the CSIRO to give us that cutting edge in battery technology. The new program in regard to Nissan was a direct result of the new car plan.

In the last election, the Labor Party announced $300 million per annum for the ATS that could be used to sustain all operations of the original manufacturers, plus 144 tier 1 suppliers, which of course are underwritten by thousands of other minor businesses. That could all be done for $300 million a year. What do you think the unemployment bill is going to be when we lose the jobs of up to 200,000 people? What is the contrast? Not just extraordinary waste in terms of human dignity and respect that comes from people being forced into unemployment, and not just the extraordinary loss of abilities and creativity in this country, but the loss of capacity across so many other industries. That is the big cost here. The big cost here is to be felt in aluminium, in steel, in glass, in electronics, in carbon fibre and in a whole string of industries. I recently met a lock manufacturer who said, 'Because of the demise of the original motor manufacturers, we'll have to be shutting up shop.' The consequences flow through textiles and plastics. It is quite extraordinary just how profound this decision by this government to destroy those manufacturing operations of General Motors and Toyota will be. It is just extraordinary to think about it.

The cost to this nation in social and economic terms, of course, needs to be understood: $29 billion of GDP. The biggest impact is in Victoria: at least a $13 billion hit to the state's regional product by the end of 2017. In New South Wales it is $5 billion and 30,000 jobs. In South Australia it is $3.7 billion and probably up to 25,000 positions. For a state like South Australia, that will be even more profound than the loss of 30,000 jobs will be for New South
Wales. This was presented as a cost-saving exercise. Nothing could possibly be further than the truth.

We know that this industry is a powerhouse of innovation—of engineering, design, research and development. But I maintain this proposition, and I think Senator Fawcett was correct in this regard: those that attempt to assert that there will be no automotive industry in this country are wrong. Even after the very best efforts of the economic vandals from the merchant banking brigade in this government, there still will be an automotive manufacturing industry in this country. We know that there will be an industry. The scale and scope of it will ultimately depend, however, on government policy, as it is in every other part of the world. So the question of the future of the ATS is critically important.

The government suddenly have discovered that we are going to keep the ATS now. Having been faced with the electoral backlash and the political odium of their actions, they say, 'Oh, we'll keep the ATS.' Of course, it is another one of those 'fool's gold' exercises, because they simultaneously say, 'Of course, come 2017 there'll be no original manufacturers and therefore it'll collapse by itself.' So when they say, 'We don't want to change the guidelines; we want to provide stability,' it is a ruse, because they believe that their budget savings can be achieved by another means.

The reality is that the ATS is vital to ensure that we are able to attract the new investment that we so desperately need. There is an opportunity here, and I firmly believe that we can attract new investment into automotive in this country. That needs to be done with government support. In the farming communities, there can be drought, a natural disaster. In fact, we spend more money on sheep and goats in this country than we do on motor cars. When there is an economic crisis in farming communities, we say the state has responsibility to stand by those communities, but, when it comes to manufacturing, the view is, 'They can sink,' no matter the social consequences. We see, when the Productivity Commission produces its tables, that it never produces the full range of support that is available to some sectors, but it runs an ideological agenda, particularly against manufacturing.

We have a Senate committee looking into this matter. Its interim report next week will consider a number of issues. One of the key issues will be the maintenance of the ATS through the legislative time line, which is not 2017 but 2021. That is well after the next election. We will have an opportunity to consider this matter in some detail in that election. The interim report provides us with an opportunity to canvass the issues around the purpose of the ATS and whether it should be repurposed to include attracting investment through production and promotion, particularly in advanced automotive manufacturing, components and materials, the aftermarket specialist vehicles, electric vehicles and gaseous fuel vehicles. These types of issues are appropriate for us to consider in such a report; whether there should be a change in the definition of automotive services, particularly with regard to the aftermarket and specialist R&D services; and whether there ought to be changes in regulation with regard to the ability to develop products in global supply chains. At the moment, there are restrictions on that.

These are the types of questions the Senate has the opportunity to consider and make recommendations to government on. In due course, my expectation is that there will be a private senator's bill to consider those matters. When the government says, 'We don't want to see any changes,' suddenly it is discovered that stability and certainty is so essential. In fact,
what they will be faced with is the proposition where the government will have to make decisions. I spend a great deal of time visiting firms; I do it as often as I can. Recently, for instance, I visited Unidrive in Clayton, in Melbourne's outer suburbs, and Harrop in Preston. Those are two examples. Harrop makes brake fittings and superchargers and supplies directly to the OEMs at the moment, but it has a substantial export market in its own right. They provide engineering and R&D services to produce niche products for specialist markets. They customise brake assemblies of their own design, for instance, for Toyota LandCruisers. They will do the entire fleet for a mine, where the brakes wear out every week. They will be able to provide assistance to the mining industry in a way that demonstrates the creativity and engineering skills of the Australian industry. They need the ATS to continue. They have been able to get assistance from the ATS, but, if they lose eligibility, the first thing that will go is their design and engineering department. We simply cannot allow that to happen. With regard to Unidrive, 50 per cent of their product, using carbon fibre for drivetrain componentry, was supplied directly to the United States. They have existing contracts, but they will need to change the regulations in such a way as to allow them to continue and to develop the business case for new investment. That is a firm that has been operating in this country for many years and has been operating in Europe for centuries.

What we know is this: in the United Kingdom after Margaret Thatcher the doomsayers said that the United Kingdom automotive industry was dead, but it did not die. It is now flourishing. It is probably the largest automotive export country in Europe. Both sides in British politics came to understand, as this country once did, the importance of industry and particularly the foundation that the automotive industry provides for manufacturing capability more generally. As a consequence, the British conservative government is one of the biggest investors in automotive capacity that we see in Europe.

*Senator O'Sullivan interjecting*

**Senator KIM CARR:** They have that bipartisanship because they understand that it is not just an economic question. But you do not see that here because the Liberal Party is dominated by merchant bankers who have an entirely different view about the way in which society works.

*Senator O'Sullivan interjecting*

**Senator KIM CARR:** They certainly would not be dominated by the doormats of the National Party. They only get called in when required. When the dog whistle blows, in you come. There is nothing inevitable about the destruction of automotive manufacturing in this country. There is no—

*Senator O'Sullivan interjecting*

**Senator KIM CARR:** Under Labor, under our New Car Plan, we survived at a time of global crisis. Expansion in automotive investment occurred here, when around the world—the United States, for instance—countries were in a state of bankruptcy.

*Senator O'Sullivan interjecting*

**Senator KIM CARR:** You ought to go back to your farm on that. What we need to do, as a country—and I trust that this will happen—is develop an understanding again of how important it is to attract investment to manufacturing, particularly automotive manufacturing. Broadening out the ATS so that component manufacturers like Harrop in Preston have the
security to continue their investment program will be critical to ensuring that we maintain the capabilities in this industry to attract a broader range of companies to the industry.

This is a government that has failed to appreciate that simple proposition. We need to ensure that we preserve our capabilities to create and sustain the high-wage, high-skill jobs to ensure that the prosperity that we have a right to expect in a country like this is actually spread right throughout the community. The Motor Traders' Association of Australia, for instance, has noted that there is no clearer path to meeting this aspiration than to retain the ATS so that manufacturers and components and parts suppliers continue to innovate, products can be delivered and businesses can be regenerated. The industry as a whole and the Australian government should identify a long-term policy framework for the entire industry—focus on the entire automotive industry—and I believe that the Senate inquiry will provide this chamber with the opportunity to take that up.

I am looking forward to seeing exactly what conservative senators say in this inquiry. But the government will be required to act, because, I can assure you, come the next election this will be a very important question. Stopgap politics will not work. Deceptive attempts to claim that you are suddenly a friend of the automotive industry again will not wash. And we know that the people of this country value manufacturing and will cast their vote on these types of issues. People want to know that their political parties have something to say about issues like high-quality jobs and industrial capability. The Australian Automotive Transformation Scheme must be but one tool in ensuring that we can meet our responsibilities to expand quality job opportunities in this country.

Senator RICE (Victoria) (17:24): I am really pleased today to be rising to speak on the importance of an Automotive Transformation Scheme to Australia's economic prosperity and development. If there is one thing our current government has shown itself to be good at it is holding back the industries of the future because of an ideology that is based in the past. One of the biggest casualties has been the Australian automotive industry, which is, as we have heard this afternoon from speaker after speaker, an industry in crisis. And it is coming at the cost of Australian workers and their families. The failure of successive Liberal and Labor governments to deal with this issue has had a really serious flow-over effect. Serious money has been poured into the Australian car industry, but it has failed to create the sustainable jobs that we need as we move into the 21st century.

It is a disaster. We have seen the major car manufacturers—Ford, Holden and Toyota—make the decision to end operations here. As the component manufacturers that have been part of the supply chain for these companies close, downscale or shift offshore, this government could well oversee the loss of tens of thousands of Australian jobs. I do not think the consequences and the reality of that has really struck home for people.

South Australia and my home state of Victoria are going to feel the brunt of this. I think of Altona, where I grew up, which is home to the Toyota manufacturing plant. And I think of how much employment in the western suburbs is currently dependent on the automotive industry—Toyota and the parts suppliers that are supplying it. I think of the city of Hume, where I worked for two years prior to becoming a senator, which is based around Broadmeadows, where Holden is based. The consequences of this massive loss of jobs in both of these areas, already suffering extremely high unemployment, is almost unthinkable. It is
hard to think of what it is going to mean to the social fabric and the wellbeing of people in these parts of Melbourne.

The Abbott government is just waiting for this to happen. They have poured petrol on this fire with their plans to cut the Automotive Transformation Scheme and no real plans to support the industry's transition. And it is even worse than that, because the vast majority of the $900 million that is currently set aside for the ATS will not actually be spent on supporting these workers. With the car manufacturers making a quick getaway, the government is set to actually pocket around $800 million of that $900 million, which should have been and could be spent on the industry's transition. Workers in the car and component industries are driving towards a cliff while we are missing the opportunity to innovate. We just cannot keep sitting on our hands. The Labor Party seems to want to wait until the next election before proposing an alternative, but it will be too late then. The car manufacturers will have gone. We will have gone over the cliff. We have to act now.

The Greens have a plan to shift the industry to the jobs of the future. We see it as critically important to have socially and environmentally sustainable jobs in sustainable industries. This government is refusing to make any serious attempt to cut emissions while the rest of the world is making the move to reduce pollution, including creating incentives to shift to electric vehicles. Electric vehicles are a very substantial part of the trajectory Australia needs to be on to act strongly and powerfully on climate change. We know that in order for Australia to be part of the world community in reducing its carbon pollution we need to be reducing our carbon emissions by 60 to 80 per cent by 2030 to be consistent with what the science says.

Fossil fuels have served us well in the past, but they are of the past. We need to be shifting to clean, renewable energy. Clean, renewable solar and wind are what can be powering electric vehicles. Australia can take up the opportunity to be part of the global electric and alternative fuel car industry.

We want to see the establishment of a Green Car Transformation Scheme and redirection of the existing Automotive Transformation Scheme funding, which the government is currently pocketing, towards that scheme. This new scheme would support the component, engineering and design sectors of the industry by removing the current requirement for Australian component manufacturers to be producing components for Australian major vehicle producers in order to be eligible for assistance. We would want to see the component manufacturers being able to supply components into the global market and for them to be eligible for assistance.

We would focus assistance on auto parts makers that are seeking to be part of the local or global supply chains for electric, hybrid or alternative fuel vehicles. We would provide support for any major vehicle producers that are established and invest in South Australia or Victoria. We would favour applicants who commit to hiring workers from existing car or component makers and we would enable eligible participants to receive payments in quarterly instalments.

Globally, sales of electric vehicles and hybrids are expected to exceed half a trillion dollars by 2025. We need to make sure that Australia gets a slice of this. That is why we would extend funding to 2025 to give the industry the certainty it needs. With the proper support, some workers in the industry could make the shift into a growing component sector that is oriented towards the global supply chain of electric vehicles.
It is estimated that the automotive industry employs 45,000 workers directly and over 100,000 workers indirectly. Our Green Car Transformation Scheme would give hope to these workers and their families. The future for the car industry is electric, and encouraging this shift would have enormous benefits for a green economy, green jobs and for the environment.

Electric vehicles are cleaner and when they are powered by renewable energy they can have zero emissions. They can contribute to electricity demand management by providing battery storage to the grid, and they reduce the pollution that blankets our major cities. They really tick all the boxes. Importantly, of course, moving to electric transport is a necessary shift to combat dangerous climate change.

We know that already some Australian-based component producers are joining the world's electric car revolution. In 2012, after receiving government support from existing green and clean energy funds, Nissan Casting Australia, based in Dandenong South, secured ongoing contracts to produce several complex powertrain castings for Nissan's all-electric Leaf. This company continues to grow and has a secure future.

Another good example is Australian car parts maker Futuris, which has won a major contract to supply seats for the next generation Tesla battery-powered car, due to go on sale in Australia this year. Tesla is taking the motoring world by storm. Engineering for the program is done in Port Melbourne, and it comes on the back of previous contracts with Tesla.

There are other examples. There is a company in Adelaide that is now, hopefully, about to sign a contract with a solar manufacturer in India, and jobs that were previously in the car industry are now going into the production of solar technologies. There are also opportunities in the production of niche vehicles—vehicles that are not made in large volumes, like electric buses. We have bus manufacturing that is ongoing in Australia. We could be shifting that production and encouraging the production of electric buses. Electric trucks also have a major future that the Australian industry could be part of.

I had discussions with another manufacturer in Adelaide in recent months that is looking at the manufacture of four-wheel-drive vehicles to produce police and emergency service vehicles. I was thinking of this manufacturer recently when I was on the parliamentary delegation to Papua New Guinea, Vanuatu and Fiji. We were hearing stories of how the police in these countries often do not have sufficient funding to be able to put fuel in their vehicles. The people I was talking to were women suffering from domestic violence, who wanted to call the police out but had to pay the police for the fuel to put in their vehicles. I was thinking that, given the problems for these governments of having sufficient funding, this is going to be an ongoing problem as the cost of oil rises and the amount of oil and diesel in the world decreases. I was thinking, with electric police vehicles, what an opportunity to be lining up our foreign aid with sustainability objectives and encouraging the rollout of electric vehicles throughout the developing world and throughout the Pacific as well.

These are the sorts of opportunities that we should be thinking about quite creatively—taking the opportunities, seeing where these opportunities arise and really making the most of them. That is what a successful automotive transformation scheme would look like. It is not merely about propping up an industry of the past. It is about looking to the future and thinking, 'What next? Where are the opportunities? Where are the jobs of the future going to come from and how can we best support this transition?"
The Greens' Green Car Transformation Scheme does this. It will be good for a green economy, good for drivers and, most importantly for this discussion, good for Australian workers.

Senator REYNOLDS (Western Australia) (17:36): I too rise to speak on this motion. We have heard a lot of table thumping from some industrial and economic dinosaurs in the opposition who really want the government and taxpayers to keep indefinitely supporting uncompetitive industries which, instead of creating new national wealth, will continue to deplete it. In stark contrast to those opposite, I rise to say that manufacturing in Australia does have a future, but not as it has been done traditionally in many parts of this country where manufacturing methods have remained virtually unchanged for over 60 years, if not for over a century.

Globalisation and technical advances today are moving so fast. Our economy must continue to transform, to compete and to be productive. The automotive industry is an example of an industry that has failed to transform and adapt to meet contemporary economic circumstances. All states and territories must support, develop and understand their own competitive advantages. Every single state and territory has its own competitive advantages. The big difference in many states is that politicians, business and unions do not work together enough to take advantage of those competitive advantages and to implement the change needed to realise them.

I am extremely proud to be part of a government that is committed to supporting a strong and competitive Australian based manufacturing sector, not a sector that is based on subsidised, inefficient industries of the past. It is a government that is supporting innovative businesses and industries of the future to generate new national wealth and jobs and to provide the resources required for the standard of living that we all want and would like to see into the future. We are a party that does not just thump the table, as we have just heard from Senator Carr. We are a party that does not just talk, pontificate and screech about it endlessly. This is government that is acting, and it is acting responsibly.

Australian manufacturing can be innovative. It can be competitive and it can be a significant generator of jobs, investments and international exports, but not in the way that it is done in some of the states. However, a competitive manufacturing sector does need a government that creates the incentive for private sector investment and job creation and an environment in which industries can be productive, innovative and internationally competitive. But it does also require unions to work with employers and governments to adapt and reform so that economies evolve, so that industries do not die and so that the nation has the jobs and revenue to provide the standard of living and the life we all want here in Australia.

I am proud that the Australian government is helping manufacturing by abolishing the carbon tax, by cutting the company tax rate by 1.5 percentage points and by cutting around $2 billion in red tape, not to mention negotiating three new free trade agreements with some of our biggest trading partners. The coalition is also implementing the $50 million Manufacturing Transition Program, creating a level playing field for manufacturers by strengthening the antidumping regime, implementing a $155 million growth fund and pushing forward with its Industry Innovation and Competitiveness Agenda, including the industry growth centres.
Let's have a look at the facts. We hear a lot of rhetoric and a lot of angry, old-style union verbiage from the last century. But the facts are that under the previous Labor government one manufacturing job was lost every 19 minutes. Where were those opposite then? Where were the trade unions then? We did not hear a peep from them. One manufacturing job was lost every 19 minutes. And nationally our average yearly growth over the last 14 years has sat at 0.4 per cent. That is why we were losing jobs.

However, in Western Australia, our average growth in manufacturing has been 4.8 per cent per annum for the last 14 years. Nationally, there has been 0.4 per cent growth in manufacturing jobs. In Western Australia, there has been 4.8 per cent growth, clearly demonstrating that high-end manufacturing and innovation of the future can be done in Australia, rather than the way in which manufacturing has been done in states like South Australia and Victoria.

The question in this current debate is: why? That is what I would like to share now with my colleagues in the Senate. What can we in Western Australia share with those other states that are still struggling to modernise their manufacturing industries? Endless task forces and interventions and subsidies were not the right answer—they were never going to be the right answer—but Labor and the unions stubbornly refused to accept this. Not only did they not order a single ship in six years of government—resulting in the current valley of death and the current unemployment for ship workers in South Australia and Victoria—but their policies resulted in the loss of one job every 19 minutes.

Over the last 14 years, WA manufacturing industries have grown by an average of 4.8 per cent per year. What does that mean? Total direct employment in Western Australia's manufacturing industries increased from 75,000 in the early 1990s to just under 90,000 in 2014-15. That is 90,000 workers directly involved in competitive and productive manufacturing in our state of Western Australia. In addition to those employed directly, there are 8,900 employing businesses involved in manufacturing. I will say that again in case anyone misheard the numbers. Not only do we have over 90,000 workers directly employed in manufacturing in Western Australia, we also have 8,900 employing businesses involved in manufacturing, and most of those are small businesses manufacturing high-end, bespoke engineering products.

With that much manufacturing industry, what is the value of manufactured exports in Western Australia? Last financial year WA exported manufactured goods totalling $19.7 billion, which accounted for a full 18 per cent of the state's total exports. I find that quite remarkable given the exponential growth of WA's commodities over the past decade. Prior to this growth over the last decade, manufacturing exports from Western Australia accounted for over 20 per cent of the state's total export earnings. Those figures alone demonstrate the fallacy of the arguments of those opposite that ongoing government subsidies and other protection measures are needed to be competitive in Australia today. WA has clearly, for the last 14 years and more, demonstrated that we can compete in a global market and that we can manufacture high-end complex and bespoke equipment, but just not in the way that has been done in the past.

As everybody in this chamber would know, over the past decade there has been a steep change in the size and scale of major resource projects in Western Australia. This has also generated a significant additional capacity in the management and execution of major
manufacturing and development projects in what are some of the most technically challenging operating environments in the world. Over the last 10 years to 2013-14, business investment in Western Australia has totalled $484 billion. As of this June quarter, the top three projects by dollar value alone were the Gorgon LNG project, at $61 billion; the Wheatstone LNG project, at $29 billion; and the Prelude LNG project, at $12 billion—all largely constructed and built by Australian workers across Western Australia. From the Gorgon to the BHP Billiton and Rio Tinto expansions, Shell's Prelude and Hancock's Roy Hill, there is a significant pool of businesses and individuals who have been involved in multibillion-dollar greenfield and brownfield projects which have significant manufacturing and construction elements. These activities include managing suppliers across different jurisdictions and time zones, following strict time schedules and being intimately involved in the transition to operational phase—which, again have large manufacturing and construction components. Despite an often simplistic view of the work we do in Western Australia to mine and export our natural resources, the reality is that these operations span logistic chains of hundreds of kilometres—and sometimes thousands of kilometres—employing the most technically innovative and sophisticated systems in the world. We also have the manufacturing hubs and the industrial hubs to support our high-end manufacturing to provide internationally competitive exports.

For example, the Australian Marine Complex at Henderson is a world-class centre for excellence in manufacturing, fabrication, assembly, maintenance and technological development. It services the marine, defence and resource industries. Since its opening in July 2003, the Australian Marine Complex has delivered 373 major infrastructure and manufacturing projects, worth in excess of $1.75 billion and generated directly, in Henderson alone, more than 26,000 jobs. Today, more than 150 businesses are located within the Australian Marine Complex, which is made up of four main precincts: maritime, technology, support industry and fabrication. Australian workers are doing work on internationally competitive projects every day. The common user facility at the Australian Marine Complex also includes a dredged, deepwater harbour, a state-of-the-art fabrication hall with 24-hour, all-weather access; a ready-to-use on-site project office; workers' amenities; and 40 hectares of laydown and construction land. It also has five wharves—a load-out wharf and a marine services wharf with capacities of 3,000 and 15,000 tonnes respectively. And there is a newly developed marine wharf, a floating dock and all of the facilities required to build internationally competitive and cost-effective ships. In fact, as of today, more than 250 ships have been built and delivered at the Henderson facilities. Currently Austal, one of the shipbuilders on location, is not only building 15 per cent of the US naval fleet but also building naval vessels for overseas countries at Henderson facilities. They are doing it on time, on budget and with Australian workers. They are using Australian engineers and metal trade workers. But, again, we are doing it in a competitive way and not in the way that has been done, and that those opposite still pine for—for the workforce and work practices of the past.

For Western Australia, manufacturing represents an important opportunity to build on our established primary industries and to diversify our economy, just as it does nationally. There are opportunities for local manufacturers to meet the demands of emerging and established markets, particularly under the new free trade agreements and in emerging economies in our own region. While much has been made of the manufacturing sector being in decline
nationally, this is not the case in Western Australia. Even though manufacturing is not the
dominant sector of the Western Australian economy, it is still a solid base and it is still
growing strongly and has much greater capacity to grow—again, not to grow in a subsidised,
old-style, table-thumping union style but to grow in a competitive and productive fashion
where the unions, the businesses and the government are working together to make sure that
the industries can flourish.

Again I will just remind people why it is an absolute fallacy that industries here need to be
subsidised indefinitely and that they can just rest on their 50-, 100- or 200-year-old industrial
relations and ways of doing business. In Western Australia, manufacturing accounts today for
17 per cent of our export earnings. Not only have we been manufacturing multibillion-dollar
projects in Western Australia for Western Australian oil, gas and mining companies but also
we have been exporting $21.9 billion every year worth of manufacturing exports. There are
8,900 employing businesses in manufacturing. Eighty-five per cent of those have an annual
turnover of less than $2 million, but those that survive and thrive are innovative and
productive to make themselves internationally competitive. The industry in Western Australia
directly provides 91,000 specialist jobs, making manufacturing the state’s seventh largest
employer, which is pretty amazing given all of the other pressures on the workforce in
Western Australia. Manufacturing contributes 4.9 per cent of gross value to the Western
Australian economy. But why is manufacturing so different in Western Australia from the rest
of the country? Why have we been increasing nearly five per cent per annum over the last 14
years, when nationally it has been less than half a per cent?

To find the answer to that you really have to go to the history of Western Australia. Western
Australia has always been a trade exposed economy and, right back to Federation, it never
relied on the subsidies that eastern seaboard colonies received post-Federation for their
already protected manufacturing industries.

In Western Australia, it developed instead into industries geared towards primary industries
and exports. From 1829, our economy focused on wool through to sandalwood, whaling,
fishing, timber, pearling and gold; and, more recently, to nickel, iron ore, alumina and natural
gas. These were all commodities that relied on sales on the open market internationally and
not our domestic market, which was so much of the economies of the eastern seaboard
colonies.

Western Australian manufacturing, as we recognise it today, began to develop and expand
during World War II. After the end of the war, growth opportunities were limited and states
such as Victoria and South Australia grew a heavy industry base servicing the domestic
Australian market. Manufacturing represented a substantial component of our national
economy and, by the late 1950s, it accounted for 29 per cent of Australian GDP.

But this national industry policy affected WA manufacturing very differently. Due to the
size of the nationwide manufacturing centres, national industry policy ended up focusing on
areas where plants and employees were concentrated. This pattern of industry never arose in
Western Australia. As I said, WA has always been trade and export focused.

While a large-scale manufacturing industry was not created in WA, as it was in the Eastern
States—which are now in the process of adjusting and downsizing, and the subject of much
hand wringing and eternal angst from those opposite with very few solutions on how to
change it—the WA manufacturing industry emerged in the 1950s and 1960s as the
agricultural and resources sector rapidly expanded. It was at this time that resource development was prioritised and important industrial hubs such as Kwinana emerged. These allowed for WA manufacturers to capitalise on support services and draw on the expertise concentrated within these local industrial and business hubs. Focusing on the requirements of WA primary industries encouraged other manufacturers to become more flexible and efficient in meeting the needs of niche industrial products, which is a trend that has continued today—again, not subsidised but innovating to meet not only the domestic requirements in Western Australia but the international market.

Despite the primary sector experiencing booms and busts during the second half of the 20th century, by the mid-20th century, a small but focused manufacturing sector had successfully adapted to major economic change while accommodating WA’s needs. While WA’s economy has flourished in recent years on the back of the significant expansion in the resources sector, it has provided a range of benefits for the wider community, including a world-class internationally competitive, export oriented manufacturing sector.

While ultimately it is the private sector that will determine manufacturing’s future in Australia, the government must create the best environment to foster success but they cannot do it alone. It requires the support of business and also the unions to make sure that we are able to make the changes, transform and make the hard decisions which some states clearly have not been able to do to date.

In summary, it is for these reasons and the example from Western Australia that I support this current program, the ATS; however, like any programs, it is a transition program. It is not a program that is there to be a hammock forever. It must finish so that the industries that it is helping to transition are able to stand on their own feet.

The manufacturing sector, as I said at the beginning, has a very viable and bright future in Australia. It can provide skilled jobs and revenue for the long term for the Australian economy. Western Australia is living proof that it can, but complaining and continually seeking subsidies and refusing to take decisions will not deliver reform.

*Time expired*

**Senator McEWEN** (South Australia—Opposition Whip in the Senate) (17:56): In the few minutes available to me, I would like to say that I support this motion that is being put forward today. I am a big supporter of the Automotive Transformation Scheme that was introduced by the Labor government in 2009 and has been eviscerated by the coalition government.

I note that Senator Reynolds gave us a lengthy speech on the history of the manufacturing in Western Australia but made very little mention of the subject of this motion, which is the automotive industry. I also take issue with the fact that she failed to acknowledge that the Western Australian situation is completely different to that of South Australia and Victoria, who are not as geographically blessed as Western Australia. They have not had a massive resources boom which has enabled the huge investment in manufacturing and resources in her state. I also take issue with her assertion that somehow the workers in the automotive industry in Australia are the architects of their own industry’s demise. Nothing could be further from the truth.

The workers in the automotive industry deserve the support and not denigration by the coalition in this place. Those workers are highly skilled and highly effective. It is not their
fault that competition has been introduced into the automotive sector around the world and is going through a significant restructure at the moment.

We should all be here supporting the transformation scheme introduced by the Labor government. We should be moving to amend the scheme so that the money left in there—cynically left in there—by the coalition government, and virtually inaccessible to the automotive industry and ancillary industries, is freed up. Workers in the automotive industry in my home state of South Australia and in the state of Victoria should be able to access that money to transform the industry, continue provide good jobs for working Australians and provide skilled industries for Australians. We accept that the car industry now, unfortunately, because of the action of the coalition government to force Holden out of this country—

Senator Back: What about Mitsubishi?

Senator McEwen: That situation has left hundreds of thousands of workers around Australia desperate to find out where they are going to have a job in the future. What have you ever done about it, Senator Back? What have you done except sit there and pontificate.

Opposition senators interjecting—

The President: Through the chair. On my left! Order! Senator McEwen, you have 15 seconds—very passionate it was too.

Senator McEwen: I am passionate about this industry, because in my home state of South Australia it is the workers in the northern suburbs of Adelaide who are directly affected by the inaction of those opposite, and they will remember it come the next election.

The President: Order! The time for the debate has expired.

COMMITTEES
Wind Turbines Select Committee
Report

Debate resumed on the motion:
That the Senate take note of the report.

Senator Urquhart (Tasmania—Deputy Opposition Whip in the Senate) (18:01): The date 3 August 2015 should go down in history as an important date for global action on climate change, when Barack Obama announced the final release of America's Clean Power Plan. Sadly, on the same day in Australia the Senate Select Committee on Wind Turbines was pulling in directly the opposite direction with the release of its final report.

Let us be clear; this was not an inquiry, it was a grudge match. And the rules were stacked from the beginning so the industry never stood a chance. The final report is a reckless, science-denying document that Labor thoroughly rejects. This was not the first inquiry to look at wind farms. In fact, there have been multiple parliamentary inquiries and 25 reviews into the issue, and each and every one found the same thing: there is no credible evidence that wind farms have any impact on human health. And there is no reason that the majority report should have come to a different finding to the ones that preceded it, but that is exactly what happened.

The majority report privileged the opinions of individuals acting outside their area of expertise and those who have been discredited in court proceedings both here and overseas.
At the same time, it ignored the Australian Medical Association's clear position statement that infrasound from wind farms in Australia cannot affect human health. It thumbed its nose at the extensive work of the National Health and Medical Research Council, which also found no evidence that wind farms have human health impacts. It disregarded the comprehensive $2.1 million Health Canada study, which included over 1,200 houses at varying distances from turbines at six different wind farms, 4,000 hours of acoustic data, acoustic and medical expertise, self-reported health questionnaires and objective health measures including hair cortisol, blood pressure and heart rates. This study found that wind turbine noise exposure is unrelated to self-reported sleep problems, illness or perceived stress and quality of life. The majority report asserted that infrasound from wind farms presented a human health risk despite evidence from the Association of Australian Acoustical Consultants that infrasound is likely to be higher in city offices than it is around wind farms. It is also strangely mute on concerns from multiple submitters, including the Climate and Health Alliance—which represents 28 health sector organisations—about focusing on the health impacts of wind farms, of which there is no evidence, while ignoring the well documented and proven health impacts of coal energy.

The report is not only ill-informed, blatantly thumbing its nose at the evidence-based science, but it is reckless—setting out to destroy an industry that promises billions of dollars of investment and thousands of jobs in regional communities. It proposes an extra layer of expensive bureaucratic measures in areas completely outside a federal government remit and tries to strongarm the states with threats of punishment if they do not submit. Largely these onerous recommendations are based on the unproven assertion that wind farms are causing human health impacts.

When I started on this inquiry I was willing to look at these claims with an open mind, but I first needed to have some questions answered. Firstly, after three decades of wind farm operations globally, has there been any scientific or professional organisation agreeing that there is cause for concern? The answer is no. Not one single acoustical, regulatory or medical body holds the position that wind farms are dangerous to human health. Secondly, what do the reputable medical journals have to say on the matter? Surely, given the maturity of the industry, there would be multiple recorded case studies in the medical literature. Again the answer is no. In fact, there has not been a single example of a medical case study of wind turbine syndrome in any indexed medical journal in the world. Although that is not really surprising, given that individuals have attributed the operation of wind turbines to over 200 conditions including asthma, arthritis, autism, brain tumours, cataracts, diabetes, dolphin beaching, epilepsy, haemorrhoids, lung cancer, multiple sclerosis, parasitic skin infections and even bee extinction.

Another factor I was interested in was the international experience, given that wind farms operate in many countries. Do we see the same sorts of concerns in these countries? The evidence presented to the inquiry was that we do not. In fact, the vast majority of concern shows up in English-speaking countries. Interestingly, some of the most compelling evidence in this regard came from former Liberal senator for Tasmania, Peter Rae, AO. Mr Rae's distinguished post-parliamentary career includes being the vice president of the World Wind Energy Association, proving that not all of the conservative side of politics dwell in the dark
ages when it comes to climate change. His opening statement provided the committee with unique insight into the global perspective on wind farm health concerns. He said:

In my experience around the world there are a only few centres where this concern appears to arise and be concentrated.

... ... ...

It follows that, as the complaints arise selectively, then considerable caution should be adopted in making any findings on the issue and, in particular, in imposing further restrictions and costs based upon that concern.

Mr Rae's sentiments were echoed by witness after witness who told the committee of many countries who are looking at Australia's anti-wind movement in bafflement and disbelief.

Another thing I was looking for is the experience of front-line workers. Surely, if wind farms were making people sick, the workers would be the first to feel the symptoms. Yet again, the committee heard the exact opposite. In fact, two of the world's biggest turbine manufacturers, Vestas and Senvion, testified to the committee that not one single health complaint had been made from the many thousands of staff working directly at wind turbine sites.

It is not just in other countries that we see no evidence of sick workers and disproportionate representation of complaints. Exactly the same thing is happening right here in Australia. In fact, Professor in Public Health at the University of Sydney, Simon Chapman, found that close to two-thirds of wind farms in Australia generated no complaints at all. Not only that, but a whopping 72 per cent of the complaints that were received came from just six wind farms. Coincidentally or not, these wind farms were also the focus of significant organised anti-wind activity. The argument that wind farms have health impacts utterly fails any objective, logical assessment of the evidence.

At this point, I want to make it clear that I do not doubt that the people appearing before the committee have legitimate health issues. But the issue is: what is the cause of their suffering? Just as I do not think that I am the appropriate person to diagnose and treat my own health concerns, I believe that in the absence of expert medical advice individuals can be mistaken about the cause of their symptoms, particularly if they are exposed to messages that are telling them that wind farms are a health risk. That is exactly what the research is telling us. In fact, Fiona Crichton at the University of Auckland has found that infrasound is not correlated with people's health perceptions of wind farms on their health but exposure to anti-wind messages is.

I sincerely hope that the government responds to this report with the scorn it has received in the wider community. But, sadly, the members of this committee have found themselves some kindred spirits in this renewables-hating government, which has already agreed to wasteful measures, including the appointment of a wind commissioner and an independent scientific committee. The states have responsibility for wind farm planning, monitoring and compliance. Without any legislative power, the commissioner can be little more than an expensive paper-pusher, shuffling complaints from individuals back to state governments and taking responses from state governments back to the complainants. It is an absurd situation from a government that has sworn to cut red tape.
Similarly, the suggestion of setting up an independent scientific committee into the impacts of infrasound is breathtakingly wasteful, unjustified and deeply disrespectful to Australia's legitimate health research body, the National Health and Medical Research Council. While the majority members have been able to force the creation of this committee, if it is independent they certainly will not be able to influence its reporting of the actual science on this issue. In fact, the most likely outcome of the independent scientific committee is that it will provide the same advice that acousticians and medical researchers have been saying for years—that is, that wind farms pose no health risks under Australian guidelines.

I think what should happen is that the majority membership front up to the Australian community and say 'sorry for inflaming anxiety' and for feeding fear amongst those living near wind farms, and apologise to the thousands of workers whose jobs have been put in peril in their attempts to sabotage the industry. While they are at it, they should also apologise to the scientists, the health bodies and the acousticians whose professionalism they have impugned with their blind determination to destroy the wind industry—a progressive, renewable energy in this country.

Senator BACK (Western Australia) (18:11): History will record that Senator Urquhart's words will come back home to haunt her in the future, as indeed will many of those who have so derisively commented adversely on the outcomes of this report. Let me put on the record that I am very much in favour of aspects of renewable energy. I proudly ordered and had constructed the largest number of small-scale solar units, hot water systems—some 240—in Western Australia. I also had responsibility for the first wind turbine in Western Australia. It failed; in fact, the first four all failed. That is history.

I also want to place on the record my strong support for hydroelectricity in your state, Senator Urquhart, and in the Snowy Mountains. When you can generate in the high peak periods and when you can use off-peak periods to pump water back up to generate again the next time it is needed surely has to be the ultimate value of renewable energy. I do not think wind turbines are a renewable energy source. I reflected on this driving back from Sydney on Sunday. I happened to be looking at the wind turbines just out of Canberra and thought to myself that I want to look at this in both environmental terms and economic terms. I said to myself, 'What is the environmental benefit of wind turbines?' Of course, the benefit would be greenhouse gases forgiven during the generation process. I said, 'That's good.' So that is a positive benefit. What are the negatives? What do you take off that greenhouse gas forgiven? Firstly, you have to take off the massive cost of greenhouse gases, the carbon dioxide, used in the construction—the original iron ore, the steel, the transportation and the tens of thousands of tonnes of concrete that go into each of these.

The committee had evidence—and Senator Urquhart did not like it much—from Mr Hamish Cumming, whom I found to be a very credible witness, that about 16 years of the use of a wind turbine would be necessary before you would actually get back to the cost-benefit of the greenhouse gases forgiven as a result of the construction.

Secondly, what do you take off that greenhouse gas benefit? You take off the cost of the baseload generated electricity, the carbon dioxide, required when you need coal, gas or whatever other form of baseload generation you need in reserve, because when the wind does not blow and the ship does not go you do need another form of baseload power. Then something that will have a profound effect on people who are hosting...
wind turbines—and local governments around this country—will be the environmental cost of decommissioning these wind turbines at the end. So I suspect there is very little, if any, actual environmental benefit.

I then looked at economic benefits. The benefit from wind turbines would be the value of the power generated, but from that what do you deduct? You have got to deduct the huge costs of the renewable energy certificates that are quaintly absorbed and the burden on consumers. Funnily enough, consumers are also taxpayers—isn't that amazing? This is not a tax, the renewable energy certificate; it is a 'cost to the consumer'. Somehow or other I do not think they are different people. Again, in an equation you must take away the dollar value of the baseload power that is sitting there doing nothing in case the wind blows or does not blow. In the future I hope we see effective, valuable battery storage. Whether we do or not, nevertheless it still comes at a cost. If you want to look at the economic benefits of these wind turbines, then it is one of the costs. And again you have the dollar value of the decommissioning process.

I admire that Senator Urquhart and indeed, in Cairns, Deputy President Senator Marshall attended each one of the hearings. That is to their credit. I have got to say that unfortunately the Greens political party—despite the fact that Senator Siewert chaired the inquiry in 2009—chose not to participate at all in this inquiry. I do not think that is to their credit.

Senator Urquhart mentioned the Canadian study, which has been put out there as a very credible study—until you get some advice from other credible Canadian scientists, who told us that when the data was collated, this mass of Canadian data, they just happened to reject, with no reasons given, the majority of the data that was captured and collated. They decided to ignore it—no reasons given. The other interesting thing is that they also decided to eliminate all people under the age of 18 and older than 79 years. No reason was given; they just dropped them off. Under 18 and over 79—they do not count. In the days when I was around as a scientist if without explanation somebody were to produce international results and ask for them to be credited I would expect them to give some explanation as to why they would wipe out a significant proportion of the population and indeed a significant amount of the dataset.

Our dear friend Professor Chapman speaks of the nocebo effect. This is the effect that you think you are going to get sick from wind turbines, or you think you are going to get sick going out in a boat, so you do. Initially Professor Chapman would always say, 'I've never ever heard of a host who, if he or she is making money out of these, got sick.' The first ones, unfortunately for dear old Professor Chapman, were Mr and Mrs Mortimer. Mr Mortimer is a retired naval officer whose sphere of influence happened to be the movement of waves through solids, liquids and gases, so he knew a little bit about this. Mortimer was the first person to stand up and say, 'Despite the fact that the income we are getting from these couple of turbines is enormously important to our retirement income, we can't live on our farm.' Funnily enough, they could not see the turbines but they knew when they were on. When they went away from their home for a week or so, strangely enough the nocebo effect seemed to disappear. The other interesting case was that of a Mr and Mrs Gare, who appeared before us in Adelaide. Mr and Mrs Gare make $200,000 a year from hosting wind turbines. Mr and Mrs Gare said to us, 'If we could have our time over again, if we could get rid of these wind turbines and get rid of the $200,000 so that we could go back to living on our farm and
working on our farm, we would do it tomorrow.' I do not know where the nocebo effect came in there, Professor Chapman.

In the time available left to me, all I will do is ask this question. I ask it of Senator Urquhart and I ask it of others who spoke before us. Why do these people carry on the way they do? The case down at Cape Bridgewater—five generations of the family have lived on their farm, so what is in it for them to walk away from their community? People say that they are not really sick at all, that it is just in their heads. It is in their heads. You are quite right. Nausea, anxiety, annoyance and sleeplessness are sure as hell in your head. The question is: why would that family walk away? Why would their children not be able to go to school? Do they get compensation like in the old RSI days? No, they do not; there is no compensation out there. There is no hope of any reward for carrying on like this. They lose their friends in their communities. We know that in many rural communities it tears communities apart. I have said before in this place that we have circumstances now in my home state of Western Australia where bushfire brigade members do not turn out if there happens to be a fire on the farm of someone they are opposed to on this. CWA members—and they are the two pillars of rural communities: bushfire brigades and CWAs. People are not going. They are not shopping in the towns. Why is that? Is it that they all of a sudden woke up one day and, as Senator Urquhart said, they are not sick at all? The value of their properties—we learnt all over Australia that their properties are effectively worthless. They have not just gone down significantly. People who moved into the Barossa Valley for their change of lifestyle, the tree change, are now in a situation where they have had to walk away. So what is in it for them? Generally there has got to be a motivator if you are going to change your whole lifestyle, if you are going to walk away from your friends—you bet your life. Do not worry about Senator Urquhart going on about English speaking—Germany, Finland. Why did the Prime Minister of the UK go into the election saying he is going to stop subsidising on-land turbines and win the election? There is a long way to go in this story. I assure you it is not finished.

Senator LEYONHJELM (New South Wales) (18:21): Today I take the opportunity to inform the Senate about the final report of the Senate Select Committee on Wind Turbines, as the previous two speakers have done, and why I moved to establish the inquiry. I wish to highlight three critical inquiry findings. First, there is no dispute that wind turbines emit infrasound; second, since 2009 the federal government has known and reported that inappropriate levels of infrasound cause adverse health impacts, whatever the source; and, third, wind farm guidelines and regulations do not require the measurement or restraint of infrasound levels.

As a distant observer of the debate on wind farms, I came to the inquiry with an open mind. I was opposed to the subsidies, but otherwise had no firm views. What prompted me to establish an inquiry was a meeting in my electorate office with half a dozen people from various rural communities. These were ordinary, down-to-earth people, people you would be pleased to have as neighbours. What became apparent was that something was terribly wrong with the planning and regulatory regime governing wind farms. I listened to their concerns with a growing sense of unease as they documented a litany of failures by government and the wind industry to address, or even acknowledge, what seemed like genuine issues.

I read the reports and the recommendations from the 2011 and 2012 Senate inquiries into wind farms and excessive sound, and noted that these all-party inquiries had recommended
health and acoustical studies be undertaken as a priority. At the time of the 2011 inquiry report, the Clean Energy Council welcomed these recommendations for medical research. But these recommendations were never acted upon, either by the Gillard government or the National Health and Medical Research Council, at least not prior to the establishment of the select committee. The NHMRC only undertook backward looking literature reviews. They failed to commission research into the claimed link between wind turbine sound emissions and adverse health impacts. The NHMRC is the primary oversight body for medical research. Planning and health ministers, local councils, local GPs, the media and the wind industry all look for authoritative guidance from the NHMRC when responding to those complaining of being affected. The fact is that the NHMRC has been sitting on this issue for the best part of a decade. This has led to unnecessary anguish for many affected residents.

During the course of the inquiry, the NHMRC announced the first research grants to study wind farm sound emissions. Their grants are for a total of $2.5 million over five years. This is almost certainly entirely inadequate. In evidence, acoustician Dr Bob Thorne noted this amount ‘would barely scratch the surface’. In fact, the NHMRC behaviour could be summarised as follows: ignore the problem as long as you can, equivocate when asked for guidance, and then grudgingly allocate a paltry sum stretched over five years to almost guarantee a non-result. The inquiry report noted that ‘senior public health figures have also recognised that the quality of research of the NHMRC’s systemic review was sub-optimal’. In evidence, prominent New Zealand psychoacoustician Dr Daniel Shepherd stated how surprised he was at how politicised the conduct of the NHMRC had been, to the point where health and medicine had been sidelined.

The wind industry also relies on the Australian Medical Association, the AMA. The committee found the AMA’s position statement lacked rigour. It described the AMA actions as ‘irresponsible and harmful’, and noted that the AMA ‘received pointed criticism’ for its position. Speaking for myself, I do not understand why the doctors’ union should be taken more seriously than any other union. They are not experts in anything.

One of the outstanding contributions to the inquiry was the evidence by acoustician Steven Cooper about his study of the Cape Bridgewater wind farm, commissioned by developer Pacific Hydro. This was the first time a wind farm operator had cooperated in this type of study by providing wind speed data and allowing the stop and start of wind turbines. Cooper’s study demonstrated a correlation between certain phases of wind turbine operation and impacts felt by residents—some severe. His work was hailed as ground breaking by prominent acousticians from around the world. Cooper’s report provides a platform from which health professionals can launch further research to determine definitively whether there is a causal link between turbine operations and adverse health impacts. This is a game-changer in providing researchers with an informed place to start their research. But it requires other wind turbine operators to cooperate, as Pacific Hydro did, and release their operating data. That indeed was the reason for the recommendations in the interim and final reports.

The inquiry heard many truly distressing stories of people driven from their homes by sound emitted from wind turbines. Residents told how, when they could take no more and left their homes for respite, they would recover, but when they returned, if the turbines were operating, they again suffered adverse impacts. The inquiry heard from turbine hosts who receive $200,000 a year in rent and regret they ever agreed to host turbines. Senator Back has
just referred to them. These people were previously enthusiastic supporters of wind power generation, but now would not live within 20 kilometres of a wind farm. It beggars belief that people who were so supportive of wind power and so financially rewarded now oppose the establishment of wind farms too close to residences, unless they suffer real rather than imagined effects on their lives.

Committee senators witnessed firsthand the callous indifference of some wind farm operators and their cheerleaders, who ridiculed and denigrated those who they described as 'nutty anti-wind activists'. Wind farm operators argued that if they conformed to regulations, shown to be manifestly inadequate in protecting residents, they owed no further duty of care. This is eerily similar to evidence many years ago from tobacco companies, and I suspect the same fate awaits them.

The planning and regulatory governance for wind farms in every state was also shown to be shambolic, incompetent and not fit for purpose. The Victorian government cannot decide who should give approval for wind farms and who should monitor ongoing compliance. In the last few years this has gone from controlling at a state level to devolving it to local councils, and now the state government is taking back the approval stage while leaving compliance with councils. Councillors and council officers gave evidence of incompetent state regulators providing little technical assistance to poorly resourced local councils which were responsible for assessing and approving billion dollar wind projects. Ongoing compliance monitoring costs tens of thousands of dollars, and this needs to be funded by ratepayers in financially strapped rural shires.

This inquiry report—the third in the last five years—is the most comprehensive in its recommendations and addresses the festering issues arising from the abject failure of the states to provide an appropriate planning and governance regime. The states are rightly responsible for these matters, but the federal government, through the Renewable Energy Target and the large subsidies available to turbine operators, has driven the growth of the wind industry. If state governments choose not to have a robust governance regime for the wind industry they must expect to forgo the benefits of those subsidies flowing to their state, as per the recommendations of this inquiry.

I commend the inquiry report to the Senate, and urge the government to bring an end to this long, sorry saga by adopting the report's recommendations. I seek leave to continue my remarks.

Leave granted; debate adjourned.

Report

The following orders of the day relating to committee reports and government responses were considered:

Rural and Regional Affairs and Transport References Committee—Industry structures and systems governing the imposition and disbursement of marketing and research and development (R&D) levies in the agriculture sector—Report. Motion of Senator Leyonhjelm to take note of report called on. On the motion of Senator Back the debate was adjourned till the next day of sitting.

Economics References Committee—Future of Australia's naval shipbuilding industry: Long-term planning (part 3)—Report. Motion of Senator McEwen to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.
Rural and Regional Affairs and Transport References Committee—Report—Current and future arrangements for the marketing of Australian sugar—Erratum. Motion of Senator McEwen to take note of document agreed to.

Recent Allegations relating to Conditions and Circumstances at the Regional Processing Centre in Nauru—Select Committee—Report. Motion of Senator McEwen to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Wind Turbines—Select Committee—Report. Motion of Senator Leyonhjelm to take note of report debated. Debate adjourned till the next day of sitting, Senator Leyonhjelm in continuation.

Economics References Committee—Digital currency – game changer or bit player—Report. Motion of Senator McEwen to take note of report agreed to.

Community Affairs References Committee—Availability of new, innovative and specialist cancer drugs in Australia—Interim report. Motion of Senator McEwen to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.


Rural and Regional Affairs and Transport References Committee—Report—Industry structures and systems governing levies on grass-fed cattle—Government response. Motion of Senator McEwen to take note of document called on. On the motion of Senator Back the debate was adjourned till the next day of sitting.


Environment and Communications References Committee—Report—Recent trends in and preparedness for extreme weather events—Government response. Motion of Senator McEwen to take note of document called on. On the motion of Senator Ruston the debate was adjourned till the next day of sitting.

Privileges—Standing Committee—161st report—Possible imposition of a penalty on a witness before the Rural and Regional Affairs and Transport References Committee—Motion of the chair of the committee (Senator Collins)—That the Senate adopt the recommendation at paragraph 1.47 of the report that no contempt be found in respect of the matter referred—agreed to.


Foreign Affairs, Defence and Trade References Committee—Use of unmanned air, maritime and land platforms by the Australian Defence Force—Report. Motion of the chair of the committee (Senator Gallacher) to take note of report called on. On the motion of Senator Back the debate was adjourned till the next day of sitting.

Rural and Regional Affairs and Transport References Committee—Australia’s transport energy resilience and sustainability—Report. Motion of Senator Urquhart to take note of report called on. On the motion of Senator McEwen the debate was adjourned till the next day of sitting.

Finance and Public Administration Legislation Committee—Department of Parliamentary Services—Second interim report. Motion of Senator Fawcett to take note of report agreed to.

Foreign Affairs, Defence and Trade References Committee—Blind agreement: reforming Australia’s treaty-making process—Report. Motion of the chair of the committee (Senator Gallacher) to take note of report called on. On the motion of Senator Back the debate was adjourned till the next day of sitting.

Constitutional Recognition of Aboriginal and Torres Strait Islander Peoples—Joint Select Committee—Report. Motion of Senator Peris to take note of report called on. On the motion of Senator McEwen the debate was adjourned till the next day of sitting.

Community Affairs References Committee—Adequacy of existing residential care arrangements available for young people with severe physical, mental or intellectual disabilities in Australia—Report. Motion of the chair of the committee (Senator Siewert) to take note of report called on. On the motion of Senator McEwen the debate was adjourned till the next day of sitting.

Health—Select Committee—Second interim report. Motion of Senator McLucas to take note of report agreed to.

Rural and Regional Affairs and Transport References Committee—Current and future arrangements for the marketing of Australian sugar—Report. Motion of Senator McEwen to take note of report agreed to.

Public Accounts and Audit—Joint Statutory Committee—446th report—Review of the operations of the Parliamentary Budget Office—Government response. Motion of to take note of document agreed to.

Foreign Affairs, Defence and Trade—Joint Standing Committee—Partnering for the greater good: The role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region—Report. Motion of Senator Gallacher to take note of report called on. On the motion of Senator Ruston the debate was adjourned till the next day of sitting.

Procedure—Standing Committee—Second report of 2015—Temporary orders relating to the routine of business and consideration of private senators’ bills; Third party arbitration of public interest immunity claims. Motion of the chair of the committee (Senator Marshall) to take note of report agreed to.


Wind Turbines—Select Committee—Interim report. Motion of the chair of the committee (Senator Madigan) to take note of report agreed to.

Rural and Regional Affairs and Transport References Committee—Grain export networks, including the on- and off-farm storage, transport, handling and export of Australian grain—Report. Motion of Senator Smith to take note of report agreed to.

Legal and Constitutional Affairs References Committee—Incident at the Manus Island Detention Centre from 16 February to 18 February 2014—Government responses to interim and final reports. Motion of Senator Siewert to take note of documents called on. Debate adjourned till the next day of sitting, Senator Ruston in continuation.

Economics Legislation Committee—Competition and Consumer Act 2010—Competition and Consumer (Industry Codes—Food and Grocery) Regulation 2015—Report. Motion of Senator Ruston to take note of report called on. On the motion of Senator McEwen the debate was adjourned till the next day of sitting.

Community Affairs References Committee—Impact on service quality, efficiency and sustainability of recent Commonwealth community service tendering processes by the Department of Social
Services—Interim report. Motion of the chair of the committee (Senator Siewert) to take note of report agreed to.

Environment and Communications References Committee—Environmental biosecurity—Report. Motion of the chair of the committee (Senator Urquhart) to take note of report agreed to.

Economics References Committee—Report—Future of Australia's naval shipbuilding industry: Tender process for the navy's new supply ships (part 1)—Government response. Motion of Senator McEwen to take note of document agreed to.


Economics References Committee—Out of reach? The Australian housing affordability challenge—Interim and final reports. Motion of Senator McLucas to take note of reports agreed to.

Legal and Constitutional Affairs References Committee—Ability of Australian law enforcement authorities to eliminate gun-related violence in the community—Report. Motion of the chair of the committee (Senator Wright) to take note of report called on. On the motion of Senator Leyonhjelm the debate was adjourned till the next day of sitting.


Environment and Communications References Committee—National Landcare Program—Report. Motion of Senator McEwen to take note of report agreed to.

Finance and Public Administration References Committee—Domestic violence in Australia—Interim report. Motion to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

National Broadband Network—Select Committee—Second interim report. Motion to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

National Disability Insurance Scheme—Joint Standing Committee—Progress report—Implementation and administration of the National Disability Insurance Scheme—Government response. Motion of Senator Siewert to take note of document called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Environment and Communications References Committee—Report—Environmental offsets—Government response. Motion of Senator Bilyk to take note of document called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Abbott Government's Budget Cuts—Select Committee—First interim report. Motion of Senator Bilyk to take note of report called on. Debate adjourned till the next day of sitting, Senator McEwen in continuation.

Legal and Constitutional Affairs References Committee—Incident at the Manus Island Detention Centre from 16 February to 18 February 2014—Interim and final reports. Motion of Senator Bilyk to take note of reports called on. Debate adjourned till the next day of sitting, Senator Ruston in continuation.

The following orders of the day relating to reports of the Auditor-General were considered:
Auditor-General—Audit report no. 28 of 2014-15—Performance audit—Management of interpreting services: Department of Immigration and Border Protection; Department of Social Services. Motion of Senator Ruston to take note of document agreed to.


Auditor-General—Audit report no. 37 of 2014-15—Performance audit—Management of Smart Centres’ Centrelink telephone services: Department of Human Services. Motion of Senator Bilyk to take note of document agreed to.

Privileges Committee

Report

Debate resumed on the motion:
That the Senate adopt the recommendation at paragraph 1.47 of the report that no contempt be found in respect of the matter referred.

The PRESIDENT (18:33): The question is that the motion be agreed to.

Question agreed to.

PERSONAL EXPLANATIONS

Senator LUDWIG (Queensland) (18:34): I seek leave to make a personal explanation.

Leave granted.

Senator LUDWIG: I understand a question has been raised in respect of references in a report which was submitted to the finance department or the Special Minister of State in 2014. An error was made and I have now undertaken to correct the record. To that end I will write to either the Special Minister of State or the finance minister and advise them of the corrections to the report.

ADJOURNMENT

The PRESIDENT (18:34): I propose the question:
That the Senate do now adjourn.

Higher Education

Senator McKENZIE (Victoria) (18:35): Tonight I briefly want to spend some time updating the Senate on a round of consultation that the government is undertaking on behalf of the education backbench. Over 30 rural and regional government senators and members from right around the country have been very, very concerned for a long time about access to higher education by country students. They recognise that there are issues of achievement which go to state governments and local school districts. There are issues around aspiration—about whether a young person aspires to even attend a higher education institution—and they go to questions of family background, socioeconomic status and the broader community that a
young person grows up in as in what are the usual expectations for that young person post schooling. Obviously, for rural and regional students in particular there is also the issue of access. That means access to accommodation and the capacity to overcome the very significant financial barriers that those young people and, indeed, their families have to overcome in order to access higher education and exercise their choice on where they choose to pursue their career options.

Over the break I travelled around a variety of regional communities meeting with local members and their local community. We opened the batting in Bendigo, which was fantastic. We then went into the seat of Indi and held a forum in Wangaratta which was very well attended by students, by education professionals, by parents and—what I found very interesting—by grandparents who were turning up to have a conversation about how their young people were going to be assisted to access higher education. I would briefly like to thank both Minister Morrison and Minister Pyne for providing secretarial support for this round of consultations and indeed for sending departmental officials out into the regions to hear firsthand the stories behind the data. I think the officials found that incredibly empowering and will find it useful as they go on to produce the final report which will be presented to minister, who will come up with some policy solutions.

In Wangaratta we heard that parents are delaying retirement and delaying paying into their superannuation, also bringing down mortgage repayments in order to find the extra cash to send their students primarily to Melbourne to access higher education. We then went to Shepparton in the seat of Murray with Dr Sharman Stone, another very passionate advocate for access to higher education for regional students. The main topic discussed there was that the gap year is such a misnomer, that it is actually a gap of two years. Because of the workforce participation criteria that is structured around accessing independent youth allowance, young people from rural and regional areas have to work over 30 hours per week over an 18-month period, which essentially means they have to find the additional cash early and head off after they have deferred for a year or, indeed, take two years off, which most universities do not even allow them to do. So to call it a gap year for country kids is a classic case of using imaginary numbers, where one does not equal two.

We then headed to Narrabri with the fabulous Mark Coulton, who has been advocating very strongly on this issue not only in his local community but nationally and here in this place over a long period. We went to the Narrabri Bowling Club. A significant number of locals had travelled there from a wide space. Again the issues went to financial barriers but an interesting aspect which came out in Narrabri was drought and consistency of cash flow. The rent has to be paid every month when you are living away from home but when home is in drought you are not getting cash flow on a regular basis. Indeed, when a whole region or a community is in drought, that issue is not just for farming families; it is for small business families in the large towns and business centres. That was an interesting and new idea presented to the committee.

Off to Wagga Wagga with the passionate and unstoppable Michael McCormack. We went out to Charles Sturt University, which prides itself on providing access locally to regional students and also conducts a lot of research which is important for the economic development of regional Australia. I also heard about local initiatives and sponsorship of students. The local community are concerned about how they are going to assist their young people to
access higher education so that the community will have access to skills and the professionals they need, whether they be doctors, nurses or engineers, to ensure the economic growth of their communities. They had a range of community scholarships to overcome some of those financial barriers, which I thought was quite interesting.

Then I headed over west last week to Nola Marino country down in Bunbury. What a beautiful part of the world it is. Nola is only about yea high, but she fights hard for her community and fights very hard for young people's access to higher education. In Albany with Rick Wilson we had over 60 locals rock up, some having travelled over 300 kilometres to simply be there, to have input into the process. There I heard consistently something which I had not heard elsewhere—the importance of telecommunications and Mr Turnbull getting very serious about rolling out the NBN to regional communities so that they can access higher education through online technologies, a very important thing for that community.

Then off to Moora with Melissa Price in the seat of Durack where predominantly the day centred on discussion of the quality of attainment and the provision of quality high school education in regional areas and what impact that was having. Basically, that community said with one voice that, as a bunch of parents, if they want their children to go to higher education, if the children aspired to go on to tertiary education, they had to be sent off to Perth at a very young age.

So there are issues for state governemnts, there are issues for local communities and parents and there are definitely issues for us as a government. Over coming weeks we will be heading to Coffs Harbour, to Port Augusta, to Barnaby Joyce country, down to Eric Hutchinson in Tasmania and to Rockhampton, right across the country, to assess what communities feel and what they see as local solutions. We have been hearing a lot of good positive ideas and a lot of concerning issues. We heard from one parent about their son having to live in the car because payments were rejected by Centrelink, about taking days off to stand in the queue to resubmit their paperwork only to be told that they need to bring another set the next day. 'Please do something. Our children can't eat dirt when they go away to the city.'

One of the things we do not talk about is the emotional cost, which we heard about time and time again. I remember a mother in Shepparton having to counsel her child through a very stressful period in third semester prior to exams. Parents are that far away that they cannot just get in the car to go and provide physical support for the young people who are away from their families, from their friends and from all that they see as normal. To be supportive in times of great stress is a significant issue.

One of the things we heard consistently from students is that they are aware of the additional costs incurred by their desire to get a tertiary education and the impact that has on family budgets. They are making very real decisions not to pursue higher education, not to choose to live away. They are choosing other options, other avenues which are less than what they want and in many cases less than their potential and their capacity. Educating regional students not only gives the world access to some highly intelligent and resilient human beings in the board rooms of the world but also it gives us a supply of professionals who are more likely to return to regional areas in order to continue our economic development.

When I return, I look forward to updating the Senate on the outcome of our further consultations. I would really like to commend not only the ministers but indeed my coalition colleagues for their passion and support on this issue. I look forward to delivering a result on
behalf of the many parents, education professionals and students I have been hearing from for over the last six weeks.

Shipping

Senator URQUHART (Tasmania—Deputy Opposition Whip in the Senate) (18:44): Last month Devonport was the scene for what I fear may become a common event in the maritime sector. The 36 crew of the Caltex oil tanker Alexander Spirit learnt that on their return to Singapore they would lose their jobs. Soon after, the nation learnt that these jobs would be filled by foreign workers. My heart went out to these men and women who had been previously told that their jobs were safe until 2019. These people have mortgages, families and plans for the future—all of these were thrown into doubt with the terrible news.

Whenever I could I went down to the ship and the community gathering. I visited not only to show my solidarity with these workers but also to register my disgust at the Abbott government's complete unwillingness to fight for these Australian jobs. But it was not just me who recognised how wrong this move was. In fact, the whole community responded. A picket was set up beside the ship, which was manned for the entire three weeks the ship was docked in Devonport. A community rally drew around 200 people from the surrounding region in support of the workers and their plight.

Clearly the local community cared about what was happening to these hardworking men and women. It was great to see. Sadly, not one Liberal member of parliament attended the rally. In fact, even though there are seven Liberal members of parliament living on the north-west coast, not one ever went to meet the workers, to learn their stories and to offer them support. Not one member of the state or Liberal government attempted to fight for these maritime jobs.

On one of my visits to the picket line I was grateful for the opportunity to board the ship and meet with these hardworking men and women personally. The human faces on board of Joanne, Varro, Andrew, Ray and Stuart tell the story of why this move by Caltex to replace them with a foreign crew is just so wrong. The workers told me stories of their families, their love of the sea and their jobs that they thought were secure. They also told me how the life plans they had mapped out on this basis were now in jeopardy.

It was very emotional to sit on the ship seeing them break down in tears, wondering why they could not get their questions about their future answered after several days of waiting. They knew that once the ship sailed for Singapore they would not have jobs. These workers put on a brave face to the public at the community picket, but talking to them in their workplace and their home—as some of them referred to the ship—was heart wrenching. They told me how proud they were of the work they had done and how differently Australian crews operate compared to foreign crews. They talked of the high standards that Australian crews uphold. One told me that when he worked on a foreign-flagged boat the normal procedure was to dump or pump all the rubbish directly into the ocean—something that Australian crews would never do.

But the decision of Caltex does not stop at the men and women who have lost their jobs on the Alexander Spirit. It signals a threat to Australia's maritime capacity if we let these skilled and strategic jobs go offshore. John Lloyd, a maritime professor at Launceston's Maritime College, recognised this very serious risk recently when he said:
The Australian seafarer is something of an endangered species, and for an island nation dependent on shipping for its international trade, this should be ringing warning bells … the decline will … continue without a fresh perspective and a willingness for constructive dialogue.

Professor Lloyd is absolutely right. Australia’s crewing record is second to none. No Australian vessel with an Australian crew has even been detained for a breach. When you compare this to the numerous incidents of foreign-flagged vessels being detained for safety, ethical and environmental issues it becomes clear how important it is to maintain our local crews.

This is not just about maritime jobs; it is about our national capacity, maritime security, the environment and, very importantly, our fuel security. Australia is already down to four refineries and two Australian crewed vessels which carry fuel around our coast, compared to eight refineries and 11 vessels in 1996. Australia has only around three weeks supply of petrol, diesel and jet fuel. Since 2000 our dependence on imported fuel has grown from 60 per cent to 91 per cent today. Fuel is the lifeblood of our society and without it everything would come to a screeching halt.

Given these very serious risks to both our maritime capacity and our fuel security you would expect the government to be pulling out all the stops to find a solution to save these jobs. Well you would be wrong. In fact, the terrible circumstances that have befallen the Alexander Spirit crew are just the tip of the iceberg. If the Abbott government succeeds in passing its job-killing coastal shipping legislation, then we will see many more stories like this—more stories of skilled Australian workers sacked, more stories of foreign crews moved in to be paid Third World wages and more stories of Australian fuel and maritime security being put in increasingly greater peril. The coastal shipping legislation introduced into parliament in the most recent sitting would allow foreign-flagged vessels working between Australian domestic ports for up to 183 days a year to pay Third World level wages.

Senator Canavan: That’s rubbish!

Senator URQUHART: This means that Australian shipping companies that pay Australian level wages will not be able to compete and Australian mariners will lose their jobs. Senator Canavan says that is rubbish, but he does not actually care about Australian jobs. If he did, he would not think it was rubbish.

Make no mistake. If this legislation passes, it will destroy the Australian shipping industry. It will do this by removing the requirement for freight movers to first seek out an Australian vessel or, if one is not available, require any foreign-flagged vessel to pay the crew Australian level wages. The reforms would absolutely demolish the level playing field created by the former Labor government. It is clear that the only plan the Abbott government has for Australian mariners is to lower their wages and conditions or replace them with foreign workers.

In Bass Strait the outcome of this legislation will be that two-thirds of Australian maritime workers will lose their jobs. You do not need to take my word for that. The explanatory memorandum is very clear when it states:

The preferred option would be consistent with the generally progressive opening of the Australian domestic shipping market to foreign participation …
Not only does the legislation aim to hand Australian jobs to foreign workers but it actually measures its success by how many jobs are lost! In fact, the scale of the job losses is laid out in black and white in modelling attached to the Abbott government's coastal shipping legislation. The findings of the official modelling are totally unambiguous. Under the government's preferred option, two-thirds of Bass Strait shipping workers will lose their jobs to foreign workers if this malignant legislation passes through this place.

Currently, legislation requires all workers on Bass Strait to be Australians who must be paid Australian wages. But the modelling shows that Australian workers would plummet from 100 per cent to 35 per cent of the Bass Strait workforce. The government modelling also assumes that two-thirds of ships servicing Bass Strait would be foreign flagged. This is truly unbelievable. Not only is the government actively trying to destroy Australian jobs, but it actually using the number of jobs lost as a measure of the success of this wretched legislation.

While the Abbott government wants Australians to believe their three-word mantra of jobs, jobs, jobs, this legislation betrays their true agenda. I sincerely hope that Australians will look past the simplistic slogans and empty rhetoric of this government and judge them by their actions. The reality is that this is not an isolated incident. In fact, the Abbott government has a long and shameful record of selling out Australian workers. They goaded Holden to move offshore, they raised the white flag when Caterpillar announced plans to axe 280 jobs in Burnie and they are trying to shut down South Australia's submarine building industry. Now they are trying to ram through legislation that could send two in three Australian shipping workers on Bass Strait to the dole queue. It is a very short-sighted government that actively sets out to give Australian jobs to foreign workers. Not only that, but it then goes on to use the Australian job losses as part of the measure of the success of the appalling legislation.

Yet again, the government has shown its willingness to sell out Australian workers in the race to the bottom. At the same time, the government has completely failed to recognise the very real costs of sending these hard-working Australians into unemployment, not only for companies and government agencies but, more importantly, for their families and for the communities that these workers live in.

The Senate is scheduled to debate the legislation in the upcoming sittings of parliament. I urge senators in this place to stand strong against this government's plans to destroy Australian jobs. Last week, we saw the most unemployed people in Australia since 1994 and we saw confidence drop to an all-time low. The Abbott government's outrageous coastal shipping legislation will only make matters worse.

This government says they care about Australian jobs. But all we have seen since they got in is jobs going overseas and out the back door. There have been no jobs created for the future, for our children and grandchildren. We need a government that fights for Australian jobs, not just sells them out to the lowest bidder.

**Justice Reinvestment**

**Senator WRIGHT** (South Australia) (18:54): I rise to speak tonight on an issue very close to my heart—justice reinvestment. It is something I have spoken about quite a few times during my four years in the Senate. I hope by now many people are familiar with the concept and the hope it offers to reduce our ever-increasing imprisonment rates in Australia, especially when it comes to locking up Aboriginal and Torres Strait Islander people.
At its heart, justice reinvestment is about reducing crime. It embodies the old common-sense idea that prevention is better than cure, but it comes with a fresh, modern face based on rigorous data and evaluation. Justice reinvestment is about redirecting resources away from locking up more and more people into programs and strategies that are proven to prevent crime from occurring in the first place. It is designed to achieve three good outcomes in one: firstly, reducing excessive and costly imprisonment; secondly, improving public safety by reducing crime; and, thirdly, making communities stronger.

The most interesting thing of all is that justice reinvestment has been proven to work. It originated in the United States and there are now 22 states that have taken up justice reinvestment, with the most celebrated being Texas—a state that was hardly known for being soft on crime. Texas was one of the early adopters of justice reinvestment and it was reacting to its spiralling prisons budget, which threatened to bankrupt the state and which meant that there was not going to be sufficient money for other public services like schools and health and so it decided to swap ‘tough on crime’ for ‘smart on crime’.

The other really exciting thing about justice reinvestment and what really attracted my attention about five years ago was seeing Republicans and Democrats standing together in the United States to embrace a fresh, new approach to tackling crime. We know that law and order and crime are not usually characterised by bipartisanship in that they are exploited to drive fear and cause people to vote on the basis of emotions like fear and division. So it is from this standpoint and with this history that I am very pleased tonight to present to the Senate a recent ground-breaking report prepared by Amnesty International Australia called A Brighter Tomorrow: keeping Indigenous kids in the community and out of detention in Australia.

This document, which was publicly released last month, calls for leaders in all walks of life to take up the conversation on justice reinvestment to tackle the horrifying statistics that we see in relation to the incarceration of Aboriginal and Torres Strait Islander young people. The numbers of Aboriginal and Torres Strait Islander youth who are locked up in Australia are awful. In 2013 and 2014 a young Indigenous person was 26 times more likely to be in detention than a non-Indigenous young person across Australia, and that is an average. In some states it is far worse. We have heard these figures time and time again but they insist on getting worse.

Indigenous young people make up about five per cent of the Australian youth population, but more than half of those in detention, 59 per cent, are Indigenous young people. What a terribly sad situation this is. We face losing a whole generation of the young people who are the future of Aboriginal Australia. This Amnesty report, A Brighter Tomorrow, gives us compelling evidence to show how justice reinvestment can prevent and reduce crime. Clearly, that is good for all of us. It also outlines 16 policies that will substantially reduce the numbers of Aboriginal and Torres Strait Islander young people that we lock up across Australia every year. These recommendations are good but they will only be effective if they are implemented at federal, state and local levels—we need to work together.

I must take this opportunity to acknowledge the unparalleled contribution Amnesty International makes to the human rights debate in Australia and to the presentation of evidence based, world-class policy recommendations. As a member of the Amnesty
International Parliamentary Friendship Group, I am proud to have played a small part in their advocacy effort on this and other issues.

The most important recommendation in the *Brighter Tomorrow* report is to adopt justice reinvestment strategies to fight the social and economic factors which underpin the imprisonment rate of Aboriginal and Torres Strait Islander Australians. Indigenous leaders and Aboriginal controlled community organisations have consistently highlighted the need for locally designed programs to allow for prevention, intervention early, and diversion away from the prison system into other more effective and fruitful operations. Locally designed is crucial. Programs need to be trusted and relevant to the communities they seek to assist. People are the experts about their own lives and sadly Australian history is littered with examples of ill-conceived programs that have been foisted on communities and failed. We know what needs to be done, and world-class models exist for how to go about developing community-led strategies to address the root causes of crime.

Being a federal senator, one of my favourite recommendations in the report highlights a clear and practical role for the Commonwealth government to assist state and territory governments to embrace this novel way of approaching crime and punishment. As a number of state governments begin to experiment with justice reinvestment strategies, including New South Wales and my state of South Australia, the Commonwealth is uniquely placed to play a coordinating role, a role the Australian Greens have been calling for since before the last federal election. Recommendation 10 of the report calls for the Commonwealth to take a leadership role through COAG to identify the data which is crucial to the rigorous methodology used by justice reinvestment strategies. This can be achieved through the tasking of a technical body to assist states and territories and coordinate a national approach to data collection. This echoes a key recommendation arising from the 2013 Senate inquiry into the value of a justice reinvestment approach to criminal justice in Australia, which was initiated by the Australian Greens and which I had the privilege of chairing.

The success of justice reinvestment in the US is partly attributable to the Council of State Governments, a nonpartisan, voluntary, expert body resourced to share knowledge, support and data with its constituent members. I would love to see a similar independent, expert, advisory body in Australia.

There are also a number of recommendations made within the *A brighter tomorrow* report that directly relate to the obligations Australia has voluntarily assumed as a party to the Convention on the Rights of the Child. For example, currently the criminal age of responsibility across Australia is 10 years old, despite the fact that the internationally lowest acceptable minimum age is 12. Another example of breach of Convention on the Rights of the Child is the new Queensland government law that the court must disregard the principle that detention is a last resort. These two laws contribute to a culture in Queensland of locking up people, which has been shown to devastate our young people, particularly our young Indigenous people, and to exacerbate intergenerational crime rather than address the causes of criminal behaviour so that it will not continue to happen. The *Brighter tomorrow* report also documents the likely impact of the recent funding uncertainty and cuts to Indigenous legal services on the rates of Indigenous youth incarceration. Amnesty International recommends that sustainable, long-term funding for specialist legal services is critical if we want to prevent crime, support communities and victims, and help our young people turn their lives around.
before experiencing the devastating impacts of imprisonment. Why wouldn't we want to do that?

The report also recommends the adoption of justice targets in the Closing the Gap strategy. Justice targets have also been supported by the Law Council of Australia, the Social Justice Commissioner and many other legal experts. The Australian Greens have also consistently called for COAG to adopt such targets. Another huge issue considered in the Brighter tomorrow report is the troubling phenomenon of foetal alcohol spectrum disorder, known as FASD. FASD can give rise to physical, cognitive, intellectual, behavioural and social disabilities that can work to increase the chance of contact with the criminal justice system. Amnesty International recommends, as well as existing strategies to address FASD, it should be included as a disability under the National Disability Insurance Scheme and on the Department of Social Services list of recognised disabilities.

As you can see from this brief snapshot of this very thorough report, the recommendations made within the Brighter tomorrow report provide a best practice framework to help Australia reduce the horrifying number of Aboriginal and Torres Strait Islander youth in prison. I urge the government to use this report as an opportunity to start a new chapter of policy development in response to Indigenous incarceration. It is with pleasure that I seek leave to table A brighter tomorrow: Keeping Indigenous kids in the community and out of detention in Australia report for the Senate.

Leave granted.

**Taxation**

**Senator CANAVAN** (Queensland) (19:05): I want to talk tonight about tax, and I want to start by complimenting the government on bringing forward a broad-ranging review into the tax system in their first term of government. It is looking at all aspects of the tax system, and I am sure it will be a very detailed and comprehensive report, but tonight I want to focus on one particular aspect of our tax system, and especially on how it impacts families where one of the parents decides to stay home and look after their children. So I am focused on stay-at-home-parent families.

I believe the basic economic unit of our society is the family. We have always tended to congregate in families through different centuries and through different cultures and often, therefore, make decisions based within a family unit. Our social security system, our family law and our child support arrangements are all based on a family system and often assess family income and family assets jointly, but our tax system does not do that. Our tax system is almost exclusively focused on the individual with no regard to the income earned by the other parent in a family relationship. The tax white paper process, the better tax review, has put out an issues paper—apparently—and that issues paper rightly identifies that there should be two aspects of a well-functioning tax system. Firstly, it should be equitable and, secondly, it should be efficient. In my view, the tax system, as it currently stands, fails on both of those objectives when it comes to stay-at-home-parent families.

I want to start by focusing on the efficiency aspects, which are not often talked about in regard to family issues, but they are just as important as the equity issues. As I said earlier, I believe families make decisions as a unit. I think I am part of a team in my household. I think my wife and I come together to make decisions as part of that team. I am not sure if my kids
are always on the same team as my wife and me, but at least my wife and I always try to make decisions for the best interests of our family. Because we make decisions jointly, if we face different marginal tax rates for an extra dollar that we might earn in the workforce, that will distort decisions about what we do in terms of who stays at home, who goes to work and how much we earn, and that will distort decision making within the family and come at some efficiency loss.

Right now, the breadwinner in a single-income family which earns $70,000 faces a marginal tax rate of 34½c in the dollar, whereas, if you have a double-income family where the parents earn $35,000 each, those parents only face a marginal tax rate of 21c in the dollar. That difference, that gap in marginal tax rates, has an impact potentially on economic efficiency. Large differences between what a single-income family and a family with a secondary income earn can have big impacts on parental decisions, making it more difficult for some families to maximise their household income, especially when employment opportunities are not equal for parents, and for those who live far from employment centres.

I make the point that, for parents who live a long way from the CBD, if our tax system forces them both to go into the workforce, they potentially can face two trips on the bus, the train or in traffic. They can spend double the time, sometimes two hours or more, away from their family—both parents spending that time away from the family. It would be much more efficient, both for our road network and for our public transport network, perhaps, if sometimes one of them exclusively went to the workforce and the other stayed home to look after the children.

But it is not just on the efficiency side that our tax system falls down. From a fairness angle alone, our tax system with regard to stay-at-home-parent families is deficient. A single-income family on $80,000 pays around $6,000 more net tax every year than a double-income family on the same income. A double-income family, indeed, can earn up to $172,000 a year before they pay the same average tax as a single-income family on just $86,000 a year. That is a really important statistic. A family, a household, on $172,000 has the same average tax rate as a single-income family on $86,000—a big, big difference in the financial resources available to those families but the same average tax rate. That breaches the principle of horizontal efficiency in our tax system, because we should treat people in similar circumstances in similar ways.

Various changes to income taxes and family benefits have meant that the impact of these issues on single-income families has worsened since 2007. We have had an increase in the tax-free threshold from $6,000 to $18,200. That has had an impact. And there was also means-testing of some family tax benefits in last year's budget. Generally speaking, single-income families on average incomes have seen their position worsen by between $2,000 and $4,000 in the last eight years.

That means that we now have the fifth most discriminatory system in the OECD in regard to single-income families. In Australia, single-income families pay around 38 per cent more tax than dual-income families for an average household. In the OECD, the average is only 21 per cent. Indeed, around half of other OECD countries offer some form of shared tax arrangements which equalise this issue, and that makes our record much worse than those other countries.
Some say that a tax system based on an individual leads to more people in the workforce, but I do not see any rationale for that measure to be the primary driver of public policy. The countries with the highest rates of workforce participation are actually the poorest, because people have no choice but to work. It is correct, in theory, that a family based tax system may reduce the number of people working. The extent of that effect is an empirical question. Australia does not have a workforce participation issue of any great nature. We have the fifth highest workforce participation rate in the OECD. And, for women, Australia's participation rates are above the OECD average for all age cohorts. This is hardly indicative of a crisis.

It is too simplistic to conclude that more people in the workforce means more taxpayers, higher GDP and greater overall wellbeing. That ignores the benefits of unpaid work in the family home. There are many benefits associated with stay-at-home parenting, but the prime benefit is its positive impact on the health and wellbeing of young children. Study after study demonstrates that full-time parental care is the best for young children and long periods in day care for children under the age of one can adversely affect their development in some circumstances. Results of this kind have been shown across a range of countries and impact in all studies, in various metrics such as cognitive development, school readiness, aggression, motor skills and propensity to illness. It is important to stress that these effects are, of course, on average. They do not mean that any particular infant is harmed by long day care or indeed that some children do not benefit from day care, particularly where their family life may be dysfunctional. Yet the evidence is stark, and the effects are consistent across many studies.

Given this strong evidence, it is inconceivable that more is not done to help stay-at-home-parent families. That is why, in my submission to the tax white paper, I have proposed that we make some moderate changes to correct the imbalance in the figures that I raised earlier in this speech. One of the issues that I raised was that, when the tax-free threshold was increased from $6,000 to $18,200 recently, that adversely impacted the relative position of state-at-home-parent families. One potential option is to simply allow all families to have access to two tax-free thresholds so that families, whether they decide to stay at home and look after their children or both parents go into the workforce, do not pay tax before $36,400. That would seemingly be fair. It would not completely correct the imbalance. It would not completely make our tax system neutral, but it would make it a more neutral decision to stay home and look after one's kids.

I have had this policy costed by the Parliamentary Budget Office. It would cost around $1.5 billion a year, a substantial cost. But I have not had it means-tested. Those costings apply for all families with children below 18. I think that if it were implemented we would reasonably look at means-testing that and also potentially focusing it on the families with young children, where the benefits of stay-at-home parenting are greatest. The policy would benefit around 815,000 couples, or more than 1.6 million Australians. A more neutral tax system will help a family have more choice in their work and non-work decisions. It may in fact encourage greater workforce participation because it will lower the marginal tax rate of the primary income earner. Moreover, this income-sharing policy that I propose helps return the choice of who works and how children are looked after to the people best placed to make that decision, the mother and father of the children. It would lead to greater self-provision by families to meet their own needs, resulting in reduced churn in the tax and welfare system. There are
more than 1½ million single-income parents in Australia. I think that this is an important policy and that they should not be forgotten in the national debate.

Senate adjourned at 19:15

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 Prudential Regulation Authority Act 1998—Australian Prudential Regulation Authority (confidentiality) determination—No. 15 of 2015 [F2015L01250].

Banking Act 1959—Banking (restricted word or expression) determination No. 1 of 2015 [F2015L01253].


Veterans' Entitlements Treatment (Anxiety and Depressive Disorders) Determination—2015 No. R13 [F2015L01247].

Order for the Production of Documents

The following documents were tabled by the Clerk pursuant to order:

Indexed lists of departmental and agency files for the period 1 July to 31 December 2014—Statements of compliance pursuant to the order of the Senate of 30 May 1996, as amended—Department of Human Services.

Seafarers Safety, Rehabilitation and Compensation Authority.

Unproclaimed legislation—Document pursuant to standing order 139(2) providing details of all provisions of Acts which come into effect on proclamation and which have not been proclaimed, including statements of reasons for their non-proclamation and information relating to the timetable for their operation, as at 1 August 2015, dated August 2015.