



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Customs Amendment (Comprehensive and  
Progressive Agreement for Trans-Pacific  
Partnership Implementation) Bill 2018,  
Customs Tariff Amendment (Comprehensive  
and Progressive Agreement for Trans-  
Pacific Partnership Implementation) Bill 2018**

**Second Reading**

**SPEECH**

**Thursday, 13 September 2018**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<b>Date</b> Thursday, 13 September 2018	<b>Source</b> House
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<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> O'Brien, Ted, MP	<b>Question No.</b>

**Mr TED O'BRIEN** (Fairfax) (10:11): You have to hand it to the coalition when it comes to nation building. Whether it comes from income tax reform, infrastructure investment or support for small businesses, the coalition not only gets it; the coalition gets it done. When it comes to delivering the ingredients for a strong economy, the coalition leaves Labor for dead. Look at the scoreboard. Firstly, there's the jobs score, with well over one million new jobs in five years under the coalition. There were 412,000 jobs created just last year, the strongest jobs growth record in history. Secondly, there is the growth score. You need look no further than last week's national accounts figures to get that score. With real GDP growth scoting along at 3.4 per cent under the coalition, our national economy is growing faster than any G7 economy, and that includes the United States. It is well above the OECD average, which is currently running at 2.5 per cent. As crucial as they are, it's not just about jobs and growth. All key sectors right across the Australian economy—household consumption, business investment, dwelling investment, public demand and exports—are all up for the year. The strength of the Australian economy under this government is an undeniable fact, a fact that underwrites the security, lifestyle and wellbeing of 25 million Australians.

Without a strong economy, all the hospitals, schools, infrastructure and even our national security would be in peril. Why is the coalition better at managing the economy? Why are coalition governments, from Menzies to Morrison, strong economic managers, while Labor has been hit and miss at best and absolutely catastrophic at worst? One reason could be that the coalition backs the aspirations of hardworking Australians and has a plan to create the opportunities that aspiration needs to flourish. A big part of that plan is maintaining the best environment for businesses to grow and employ more Australians. That's our plan and it works—as the results show.

There are few better examples of the coalition's plan in action than trade—specifically, the coalition's record when it comes to initiating and delivering free trade agreements. The coalition believes that the best way to create Australian jobs is for Australia to follow an ambitious and pragmatic trade agenda. This has been a consistent strategy for the coalition since the days of the Howard government, but it's an area where Labor has dropped the ball time and again. While the coalition and most Australians are delighted with trade agendas, Labor is not.

While the coalition is delighted by the opposition's decision to finally back the Trans-Pacific Partnership, the TPP-11, the truth is that the only thing Labor has ever had the capacity to do with free trade agreements is back them. Not once has Labor ever initiated, negotiated end to end and closed a free trade agreement. That's a telling statistic. Not once has Labor been capable of initiating, negotiating end to end and closing an FTA. That is telling, especially when you consider how important free trade is to the Australian economy and to the prosperity of all Australians. Yet you see under this coalition government, since the election in 2013, closures of FTAs with Japan, Korea, China and Peru, and here we are today with a bill in the House discussing the TPP-11.

I find it extraordinary that the shadow trade minister, who spoke just before me, formed part of his debating points on the belief that the coalition government needs to change how it negotiates FTAs. It's a bit rich coming from Labor, which has proven itself—and the stats say this—incapable of closing a deal and incapable of initiating, negotiating and closing FTAs, and yet the shadow minister is more than happy to stand in the chamber and try to lecture the government that's closed Korea, China, Japan, Peru and soon the TPP-11 and try to provide gratuitous advice about how things might improve.

The one thing that I heard the shadow trade minister mention was the idea of parliament playing a more intimate role in engaging in the FTA negotiation process. I found it particularly cute that the shadow minister decided to use words such as him 'announcing an idea today' when, in actual fact, the Trade Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade is currently reviewing the role of parliament in this regard. But, again, that's okay—it's Labor's typical form, and we see it across every area of government, including FTAs, where they would jump on the bandwagon and try to take the credit. So be it, but, again, they have no standing to try to lecture the coalition when it comes to free trade agreements.

From the very first decades, whether it be the New South Wales colony with John Macarthur or all the way up to today when we're talking about the TPP-11, Australians have been reliant on trade. That's beyond question. I'm proud to stand in support of the Customs Amendment (Comprehensive and Progressive Agreement for Trans-Pacific Partnership Implementation) Bill 2018 and the Customs Tariff Amendment (Comprehensive and Progressive Agreement for Trans-Pacific Partnership Implementation) Bill 2018, which we are discussing here in the House today. These bills will amend the Customs Act and the Customs Tariff Act to introduce new rules of origin and introduce new preferential customs duty rates for goods imported into Australia from nations that are parties to the TPP-11 and, in so doing, formally ratify that agreement.

As one of the most comprehensive trade deals ever concluded, the TPP-11 is set to eliminate more than 98 per cent of tariffs across a trading zone with a combined GDP of some A\$13.8 trillion and close to 500 million consumers. The geographic and economic scope of the TPP-11 is immense. Already, even before the treaty comes into force, nearly one-quarter, or 24 per cent, of Australia's total exports, worth almost \$88 billion, are to TPP-11 countries. This is set to grow substantially once the TPP-11 comes into force, that being some 60 days after formal ratification by the first six member countries. It is therefore essential that Australia is among the first six nations to ratify the treaty, with Singapore, Mexico and Japan already having ratified the deal and others close to completing the process. The early access to TPP-11 markets by nations other than Australia would clearly not be in our national interest.

The direct benefit to Australian farmers, producers, manufacturers and service providers in improved market access and a boost to exports will be significant. Recent modelling shows that the TPP-11 would lift Australia's national income by 0.5 per cent and deliver \$15.6 billion in net annual benefits by 2030 while exports are forecast to rise by four per cent or approximately \$30 billion per annum. A significant improvement to investment flows for Australia is also expected. Independent analysis forecasts inbound investment to increase by \$7.8 billion while outbound investment by Australian businesses should increase by \$26 billion.

There are also very tangible benefits for producers and exporters courtesy of the TPP-11, including significantly reduced tariffs on Australian beef imported into Japan so that, within two years, Australian beef will enjoy a 13 per cent tariff advantage over US beef; improved access for Australian dairy products imported into Japan, Canada and Mexico; new access for Australian sugar to Japan, Canada and Mexico; and the elimination of all tariffs on sheepmeat, cotton, seafood, wine, raw wool, horticulture and manufactured goods across the free trade zone. Exporting professional services will also see a significant reduction in regulatory risks, including improved levels of transparency to help Australian service providers compete freely and on an equal footing. Australian tertiary and vocational education providers will enjoy guaranteed special access to Brunei, Japan, Malaysia and Mexico and will be able to provide online education services across the entire trade zone. There will also be new opportunities for Australian businesses chasing government procurement and service contracts in many member countries.

The innovative approach taken by the architects of the TPP-11 is well demonstrated by, for the first time in a trade agreement, member countries guaranteeing the free flow of data across borders for service providers and investors across the trade zone. Another innovative approach taken by the architects of this deal and one I'm personally delighted to see is the inclusion of a dedicated chapter in the agreement that aims to encourage small and medium-sized enterprises to participate in government procurement. The TPP-11 is the first regional trade agreement to include such a small and medium enterprise, or SME, chapter, and this is vitally important.

As chair of the trade subcommittee of this parliament, we're currently amidst an inquiry into how small and medium businesses can better leverage Australia's string of free trade agreements. Let me assure you: the inclusion of a chapter in this TPP-11 deal specific for SMEs is being welcomed across the sector. Moreover, I suspect—I hope—that specific chapters for small and medium businesses will become a more regular feature of free trade agreements. Not only is Australia a nation with many small businesses—2.2 million, in fact—but we're fortunate to have so many at the forefront of their respective fields internationally. They are companies that have unique, cutting-edge intellectual property that needs to not only be recognised and protected but leveraged to the hilt.

In recent years, due to the approach of this government, we have seen more and more small and medium businesses win work through government procurement. One area where I have particularly seen this in play is in the defence industry, where multibillion dollar contracts have an increasing percentage of Australian industry content, and much of this is going to our small and medium businesses. This is not just delivering more jobs for

locals but helping identify small and medium businesses that are genuinely world-class—businesses that could well have been left undiscovered in the broader marketplace if it weren't for this government's approach. Further, it's leading to greater investment in these small and medium businesses and the unique intellectual property that they possess. And one step further, if I may: when large multinational primes start engaging more and more small and medium businesses in their delivery of major government projects, they discover assets, ideas and talents which they can then bolt on to their global supply chains, effectively providing market entry strategies for small and medium businesses that are often otherwise very localised.

It's within this context that I praise the architects of the TPP-11 for their inclusion of a chapter for small and medium businesses, which will help create the opportunity for these businesses to flourish and for their ideas to take root internationally. The TPP-11 in no way threatens Australia's existing domestic policy or regulation in areas such as health, the labour market and intellectual property. These remain secure and unaffected by the treaty. Under the TPP-11, Australia is not obliged to recognise overseas qualifications, experience or licences from TPP-11 countries or elsewhere.

The TPP is truly one of the most comprehensive and far-reaching trade deals ever concluded since the inception of the World Trade Organization. The benefits for Australia are great. While this deal is an opportunity that would have been completely missed if Labor had won the last election or if the government had sought their guidance and taken their advice, today here we are with the TPP-11 almost over the line.