



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Customs Amendment (Pacific Agreement on  
Closer Economic Relations Plus Implementation)  
Bill 2018, Customs Tariff Amendment  
(Pacific Agreement on Closer Economic  
Relations Plus Implementation) Bill 2018**

**Second Reading**

**SPEECH**

**Wednesday, 22 August 2018**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<p><b>Date</b> Wednesday, 22 August 2018</p> <p><b>Page</b> 41</p> <p><b>Questioner</b></p> <p><b>Speaker</b> O'Brien, Ted, MP</p>	<p><b>Source</b> House</p> <p><b>Proof</b> Yes</p> <p><b>Responder</b></p> <p><b>Question No.</b></p>
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**Mr TED O'BRIEN** (Fairfax) (13:14): I rise today to make a contribution to this debate on the Customs Amendment (Pacific Agreement on Closer Economic Relations Plus Implementation) Bill 2018. It represents the key legislative change required to give effect to new rules of origin for an agreement that we often refer to as PACER Plus, the Pacific Agreement on Closer Economic Relations Plus. PACER Plus is part of Australia's trade agenda. It is a development-focused trade agreement signed by Australia, New Zealand and nine Pacific Island countries and aimed at driving economic prosperity and raising living standards in our region.

The bill to which we refer today builds upon one of the most important networks of strategic and economic relationships that Australia has: our relationships with our closest neighbours, the nations and people of the South Pacific. Australia's *2017 foreign policy white paper* highlighted that the stability and economic progress of the Pacific island countries are indeed of great importance to Australia. Our Pacific neighbours are almost exclusively relatively small nations, at least in terms of population and land area, especially when compared with the vast tracts of the great ocean that surrounds them. In fact, the world's entire landmass could fit within the Pacific basin alone.

For the most part, opportunities for Pacific island communities have been both rare and limited, facing, as they do, critical challenges of small markets, narrow production bases and limited infrastructure, with consequent high costs and structural impediments to business and to trade. Subsistence farming and a sprinkling of cash crops plus the sale of fishing rights, in some places tourism and, commonly, remittances from workers who spend time in one or another of the larger, more developed countries on the Pacific Rim are all mainstays of what, by our standards—indeed, by any standards—are small, remote economies with rather limited options. In almost every way, it is a remarkable set of circumstances that they have to deal with on a daily basis—a set of circumstances that we, together with our South Pacific neighbours, are now responding to, in part through the instrument of this bill.

Let's take a quick look at some of these island nations. The 270,000 or so people of Vanuatu, for example, are spread across an 83-island archipelago that's 1,000 kilometres long. Meanwhile, Samoa has a population of about 196,000 people and, compared to many of its neighbours, enjoys one of the healthiest export economies in the region. We imported around \$31 million worth of goods from Tonga in 2017, but even there only about 22 per cent of their population are enjoying any form of employment. The relationship that these small Pacific nations have with larger countries of the Pacific Rim is enormously important to them and, indeed, important to Australia, along with New Zealand—and also, I must say, the United States—as crucial paths of that network of supportive relationships.

Notwithstanding the constraints such as limited economies of scale and the tyranny of distance being such, Australia's relationship with our South Pacific neighbours is strong, trusting and invariably warm, and to a great extent it is shared, with 76,000 Australians having Samoan heritage, for example. There are similar communities of Pacific Islander heritage right across the wider Australian community, including approximately 26,000 Australians with Tongan ancestry. Australia has become a strong education, employment and opportunity magnet for many countries across the South Pacific. These are people who seek to live more expansively, wishing to overcome some of the limitations of their own home economies and services, and who, in many cases, directly support wider families still living in isolated island communities. Increasingly, in recent decades, education has become a key part of that interaction, and it is becoming ever more important as an opportunity builder. The Australia Awards Pacific program, for example, is a subset of the larger Australia Awards program, and both are offering opportunities for scholarships, fellowships and short courses for Pacific islanders in formats that are specifically designed to both widen and deepen their national skills base. The Pacific element of the program even specifically requires graduates to return home for a minimum of two years after their studies to ensure a reliable, local benefit to their home economies.

Direct employment opportunities are also vitally important, especially for individuals and their families. The Seasonal Workers Program we run has provided 17,000 jobs across the Pacific islands and has been strongly endorsed by the World Bank for the positive impacts that it is having. It found that the average amount of cash taken home by seasonal workers since 2012, after about six months work, has been \$9,000. This is clearly a big deal, and a significant source of income, for island communities, where per capita GDP is typically far less than that. It means a lot in relation to educational opportunities for young islanders, who often invest that capital to start small businesses and to develop local infrastructure, including housing.

The implementation of PACER Plus, made possible in part by the passing of this bill, will also deliver modest economic and commercial benefits to Australia commensurate with the size of participating Pacific islander country economies. In particular, Australian producers of goods, suppliers of services and investors will benefit from more liberal and secure market access in the Pacific. By promoting growth and development and strengthening reform processes in the Pacific, PACER Plus will expand commercial opportunities for Australian companies in the region.

Pacific island countries will have eliminated tariffs on the vast majority, 91.5 per cent, of their tariff lines covering the bulk, 88.5 per cent, of Australia's exports—a total value of \$360 million based on 2016 data—when PACER Plus is fully implemented. PACER Plus will deliver early gains for Australian exporters. For example, Cook Islands, Samoa and Tonga will provide early tariff reductions or tariff-free access for a range of Australian exports, including beef, sheepmeat, poultry meat and dairy products. Over time, all Pacific island countries will provide more liberal market access to all major product groups over time.

Australia's largest services exports to the Pacific are tourism and travel services, transport services and financial services, including insurance. Pacific island countries that are signatories to this agreement have made commitments in each of these sectors, many for the first time. Australian service suppliers will benefit for the first time from commitments provided by non-WTO members, such as the Cook Islands, Kiribati, Nauru and Tuvalu. The most-favoured-nation, MFN, provisions in the agreement will help safeguard market access for Australian producers of goods, suppliers of services and investors in the event that Pacific island parties apply more favourable treatment for the producers, suppliers and investors of nonparties, such as under free trade agreements.

The measures the government is adopting in this bill and the related bill on the customs tariff amendment provide duty-free access according to new rules of origin, inserted into the Customs Act 1901, on imports from South Pacific nations who are parties to the Pacific Agreement on Closer Economic Relations Plus. This was tabled in this parliament on 29 November last year and has recently been recommended for ratification by the Joint Standing Committee on Treaties. This initiative not only reflects Australia's wider commitment to global free trade, and the aforementioned imperative of helping to drive opportunity and sustainability among our Pacific neighbours, but will also create additional growth opportunities for Australian businesses.

The mechanics of this bill are straightforward and will no doubt appropriately have bipartisan support. Under PACER Plus, signed by Australia, the Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu, preferential tariff treatment is available based on declarations regarding the origin of goods based on information provided by the importer, the exporter, the producer or the authorised representative.

Further, the second bill, the Customs Tariff Amendment (Pacific Agreement on Closer Economic Relations Plus Implementation) Bill 2018, seeks to comprehensively update the Customs Tariff Act 1995 to ensure that only goods directly subject to excise equivalent customs duties are specified in the new schedule of preferential customs duty rates. This will ensure that imported goods originating from South Pacific countries that are parties to PACER Plus are treated consistently with equivalent goods produced in Australia.

Collectively, these measures will help to drive economic growth, jobs and opportunity not only by reducing tariffs but also by reducing the amount of red tape for importers of goods from PACER Plus signatory countries. That's why these bills are so important. It is for these reasons—supporting Australia's ongoing commitment to our Pacific neighbours, and to drive greater opportunity for Australian businesses that create jobs in this country—that I commend the bill to the House.