

True needs-based funding for Australia's schools

The Turnbull Government will introduce real needs-based school funding, and increase investment as part of a new initiative that will give Australian students the quality education they deserve.

The Government will commit an additional \$18.6 billion for Australia's schools over the next decade, starting from 2018. It will be distributed according to a model of fair, needs-based and transparent funding. This investment will be tied to school reforms which are proven to boost student results.

Under the landmark *Quality Schools* reforms, Commonwealth funding for Australian schools will grow from a record \$17.5 billion in 2017 to \$30.6 billion in 2027. This includes more than \$2.2 billion in new funding over the first four years to be included in this year's Budget following on from an additional \$1.2 billion in last year's Budget.

While a strong level of funding for schools is vital, what's more important is how that funding is used.

David Gonski AC has agreed to lead a new inquiry into improving the results of Australian students.

The *Review to Achieve Educational Excellence in Australian Schools* will provide advice on how this extra Commonwealth funding should be used by Australian schools to improve student achievement and school performance. Mr Gonski will be joined by Dr Ken Boston AO, who was also a member of the original Gonski review.

The review will make recommendations on the most effective teaching and learning strategies to reverse declining results, and seek to raise the performance of schools and students.

Mr Gonski will provide his final report to the Government no later than December 2017, ahead of the negotiation of new school reform agreements with states and territories in the first half of 2018.

Each child in Australia deserves the support and the opportunity to succeed. They deserve schools that are well and fairly funded and encourage the highest academic standards.

The Turnbull Government will deliver the real 'Gonski' needs-based funding model that Labor didn't.

We will end Labor's 27 special deals with states and territories, unions and non-government school leaders. Labor traded away the principles of the 'Gonski' report for political expediency.

The Government is acting to right Labor's wrongs, including where difficult decisions are required. This new package provides equal federal treatment across all states and is about delivering quality schools for all Australian students.

This bold plan will transform Australian schools. It will set Australian students on the path to academic excellence and achieve real needs-based funding for students from all backgrounds, in every town and city, in every region and state, in every classroom.

National and international reports have shown declining performance in Australia's education system, despite record increases in funding. We cannot accept increased investment and declining results. We must focus on quality to improve education outcomes for all Australian students.

Our changes will ensure all schools and states transition to an equal Commonwealth share of the resource standard in a decade, unlike the 150 years of inequity that current arrangements would entail. The Commonwealth will meet a share of the Gonski recommended Schooling Resource Standard of 20 per cent for government schools – up from 17 per cent this year – and 80 per cent for non-government schools – up from 77 per cent this year.

While maintaining the historic role of the federal government as the majority funder of non-government schools, this will see the Commonwealth continue to increase its share of funding for government schools, which in 2013-14 stood at 13.4 per cent and in 2005-06 was just 8.9 per cent.

Our reform will allow states and territories to be held to account for meeting their share of the standard. To stop cost shifting, states will also be required to at least maintain their real per student funding levels or face a reduction in Commonwealth funding. The latest data shows that in 2014-15, the Commonwealth increased funding for all Australian schools by more than \$1 billion while in the same year, four states and territories actually reduced their spending on government schools by as much as \$56 million.

We will correct the inequities and inconsistencies in the current schools funding model by:

- Ensuring students with the same need within the same sector attract the same support from the Commonwealth Government regardless of where they live.
- Transitioning all schools to an equitable Commonwealth share of the Schooling Resource Standard by increasing federal funding on average over the next decade to government schools by 94.1 per cent or \$6.4 billion and to non-government schools by 62.2 per cent or \$6.7 billion.
- Introducing funding fairness. We expect 24 schools in the nation's highest socio-economic areas will receive a small reduction in per-student funding in 2018.
- For the first time using the Nationally Consistent Collection of Data for Commonwealth funding decisions on students with a disability. This will ensure that need drives funding allocation, and end the different

definitions of disability that exist between jurisdictions.

- From 2021, indexing the SRS at a rate that reflects real cost growth into the future.

The Turnbull Government's *Quality Schools* reforms will set current and future generations up for the future, and deliver fair, needs-based funding for all Australian students.

Full details of the Turnbull Government's *Quality Schools* reform package are available at the [Quality Schools webpage](#).

Turnbull Government to Build Western Sydney Airport

The Turnbull Government today confirmed that it will build Western Sydney Airport.

Details of the Turnbull Government's plan to build Western Sydney Airport will be announced by the Treasurer in the Budget next week.

This follows today's announcement by Sydney Airport Group, the owner of Kingsford Smith Airport, that it will not take up the opportunity under its 'right of first refusal' to build and operate the new Western Sydney Airport at Badgerys Creek.

It is a vitally important project for Western Sydney, for Sydney, and the nation, which is why the Coalition Government ended decades of indecision by committing to the project in 2014.

The Government has worked carefully to meet our obligations and we have been planning for either contingency – acceptance or rejection by Sydney Airport Group. We are well positioned to move forward on terms that are consistent with the terms of the Notice of Intention.

The airport will be a major catalyst for jobs and economic growth in Western Sydney, injecting more than \$1.9 billion into the economy during the construction phase alone. It is expected to deliver 9,000 new jobs to Western Sydney by the early 2030s, and 60,000 in the long-term.

Consultation meetings with Sydney Airport Group were conducted in an atmosphere of good faith.

Remarks at 75th Anniversary of the Battle of the Coral Sea

PRIME MINISTER:

Your Excellencies; Premier, Air Chief Marshal Binskin, Chief of the Defence Force, Vice Admiral Barrett, Senator Brandis, Amanda Rishworth, shadow minister for Defence Personnel and Senator McDonald. Mrs Valerie Fowler, the US Consul General, and Chargé D’Affaires James Carouso, Minister Miyashita from the Japanese Embassy, Admiral Scott Smith, Commander of the US Pacific Fleet, Mayor Jenny Hill and Mr Williams, President of the Townsville and District Naval Association.

75 years ago the Japanese seemed unstoppable.

The pride of the US Navy had been sunk in a surprise attack at Pearl Harbour.

The great imperial garrison of Singapore had fallen – the worst defeat in British military history, as Churchill described it.

The Royal Navy’s battle ship *Prince of Wales* and the battle cruiser *Repulse* had been sunk by Japanese bombers.

As Admiral Barrett just reminded us, the Australian Navy had lost eight ships.

Most of Australia’s army was either fighting in the Middle East or prisoners of the Japanese.

Darwin was bombed. The Dutch East Indies was taken, as was the north coast of New Guinea and the naval base of Rabaul.

And Japan’s next inexorable advance was to seize Port Moresby, from which it would isolate Australia and take us out of the War to be invaded at the convenience of the new masters of the Pacific.

These were dark times indeed.

The Japanese plans were discovered by American and Australian code-breakers at the Fleet Radio Unit in Melbourne, coast watchers on the Solomons and surveillance flights from Queensland and Port Moresby.

Over four critical days in May 1942, the fate of our island continent hung in the balance.

Australians and Americans fighting side by side, just as they had for the first time 99 years ago at the Battle of Hamel.

Admiral Nimitz sent two carrier task forces led by the *Lexington* and the *Yorktown* into the Coral Sea. They were joined by a third task force 44 led by

the cruisers *HMAS Australia*, *HMAS Hobart* and *USS Chicago* and commanded by the Australian Rear Admiral John Crace.

The Japanese were turned back, but not without a heavy price.

The mighty aircraft carrier *USS Lexington* was lost, as was the destroyer *USS Sims* and the tanker *USS Neosho*.

The US Navy's commitment of two of its precious carriers into this battle, showed a total commitment to the defence of Australia.

And it showed a total unity of purpose. For the first time, Australian ships were under the overall command of the United States Commander, Rear Admiral Frank Fletcher, and within Task Force 44 itself an Australian Rear Admiral John Crace commanded American ships.

For the first time a naval battle was fought entirely from the air. Neither of the fleets saw each other or exchanged shell fire.

The Moresby invasion force was turned back in large part because of Admiral Fletcher's decision to deploy Crace's Task Force 44 to block the Jomard Passage and Crace was able and the Captain Farncomb of the *Australia* were able with superb seamanship and without air cover to dodge the Japanese bombs and torpedoes and avoid the fate of the *Prince of Wales* and *Repulse*.

By sinking the light carrier, the *Shoho* and damaging the two fleet carriers *Shokaku* and *Zuikaku* the Japanese navy was materially diminished in advance of the coming Battle of Midway, another aerial sea battle which saw the loss of four Japanese fleet carriers and irreversible damage to their naval forces only a few months later.

The Battle of the Coral Sea was the first setback to the Japanese in the Pacific War, it laid the foundation for the victory at Midway- it was a turning point in the war.

Our freedoms were secured by the bravery of the fighting men on those ships and the pilots who flew through everything the enemy and the weather could throw in their way.

We will never know the grim anxiety of the ships' companies scanning the skies for incoming enemy bombers, but also hoping and praying to see their own pilots returning safely from raids and reconnaissance missions.

We will never know what it was like to be trapped above deck as enemy aircraft strafed the ship, or to be caught below deck as engines caught fire and explosions shut off escape from the flooding sea.

We will never know the courage of the pilots who spent the last of their fuel in battle, knowing they would never make it back to their ship.

We will never know the anguish of those sailors listening intently to radio communications who heard the heartfelt farewells from these brave men as they prepared to meet their death.

It is a great honour to welcome today the families of the *USS Lexington's* crew who have travelled here to pay their respects. I reserve an especially warm welcome for 93 year-old Cecil Wiswell who proudly served on board the *Lexington* as a 17 year old, Seaman Second Class.

Today, the ashes of his friend and fellow *Lexington* crew member, Harry Frey and Harry's wife will be scattered in the Coral Sea.

Today, Australia and the United States continue to work with our allies to address new security threats around the world.

Together, we are taking a strong message to North Korea that we will not tolerate reckless, dangerous threats to the peace and stability of our region, and we are united in our efforts to defeat the terrorists in the Middle East and Afghanistan.

We must be forever grateful to those who have put their lives on the line, and those who do so today, so that we might have a free and peaceful world.

I thanked our servicemen and women in the Middle East for their service only last week, serving like the ships' companies of *Australia* and *Hobart* did 75 years ago with our American allies in freedom's cause.

It's a message I repeat today as we pay tribute to the Australians and Americans who served and the more than 600 who died in the Battle of the Coral Sea.

To each of you, I offer the thanks of the grateful generations which came after you.

And to all men and women who have served in our defence forces—and who serve us today— and the families that support them – we thank you and we honour your courage, your service and your sacrifice.

Lest we forget.

[ENDS]

Interview with Neil Mitchell, 3AW

NEIL MITCHELL:

Mr Turnbull, good morning.

PRIME MINISTER:

Good morning.

NEIL MITCHELL:

Prime Minister, North Korea has written to ASEAN to ask South East Asian countries for their support and warned there could be a nuclear holocaust, that we are on the brink of war. Is it possible we are heading for nuclear war?

PRIME MINISTER:

There is the possibility and the risk that North Korea could launch an attack on its neighbours.

That is the reason why there is so much effort being put into seeking to stop this reckless and dangerous conduct by the North Korean regime.

They are a real threat to the peace and stability in the region and of course, to the whole world.

NEIL MITCHELL:

So that means there is a possibility of nuclear war?

PRIME MINISTER:

The North Korean Government has nuclear weapons. They regularly threaten to use them and so, if they carried out that threat, that would involve a nuclear attack.

How other countries reacted, of course, would depend on events.

But at this stage, obviously they have not carried out those threats and their threats can appear sometimes to be theatrical and over the top, and they've been subject of satire.

But I can assure you that my Government takes North Korea, the threat of North Korea very, very seriously. As do all the other governments in the region.

And the government that above all has the greatest leverage and ability to bring North Korea to its senses, is China.

They have the greatest economic leverage and what they need to do – and as you've seen, President Trump has been discussing this directly with the President of China – what the Chinese need to do, is to work with the United States and other countries in the region to bring North Korea to its senses and stop this reckless conduct and all these reckless threats.

NEIL MITCHELL:

It's well reported their missile capability is not yet able to reach Australia but are we looking at upgrading our missile defence systems?

PRIME MINISTER:

Neil, the answer is that we certainly have extensive arrangements with our allies, in particular the United States, but we do not deploy in Australia a missile defence system like the THAAD system that the United States is deploying in South Korea at the moment.

NEIL MITCHELL:

So does that mean we do not change our missile defence system?

PRIME MINISTER:

No it doesn't mean that. It means that obviously as threats evolve, our response to them would evolve. But right at the moment we do not deploy a THAAD – this is the anti-missile system that is being deployed in South Korea – we do not have, we don't deploy that in Australia. Nor do we see the need to do so.

NEIL MITCHELL:

North Korea is working to get a missile that can reach this country. What are we doing to stop it?

PRIME MINISTER:

What we are doing in terms of stopping North Korea is continuing our pressure on the regime through extensive sanctions, economic sanctions which are designed to bring North Korea to its senses. And of course, urging North Korea's neighbours – in particular China – to bring its considerable pressure to bear, its considerable leverage I should say, to bear, on North Korea to change its ways.

China has the greatest leverage over North Korea.

It is its neighbour and its biggest economic partner by a very very long way.

NEIL MITCHELL:

So is China doing enough?

PRIME MINISTER:

Well you've got to judge these efforts by the outcomes Neil, and so it clearly has not been enough to date because the reckless threats and conduct by the North Korean regime has continued.

Look, I would say, I was asked about this the other day when Vice President Pence was here and I said I was quietly confident that Chinese pressure would cause a change in direction in North Korea. I haven't revised that.

But I think that the Chinese do have, my impression is that they are showing a greater awareness of the need for them to bring their influence to bear on North Korea.

NEIL MITCHELL:

Okay.

PRIME MINISTER:

But, you know, this is a difficult situation. I have to say North Korea is not a satellite state of China in the way say East Germany was of the Soviet Union –

NEIL MITCHELL:

Yep.

PRIME MINISTER:

You know in the days of the Cold War. So the Chinese have their own frustrations in dealing with Pyongyang, there is no doubt about that. But having said that, they have the economic leverage over North Korea. They can bring that pressure to bear and they need to, because Kim Jong-un is threatening in an extraordinarily reckless way, the peace of the region.

NEIL MITCHELL:

Former Major General Jim Molan, I was talking to him last week and he said he thought that his was the most tense time we've seen since, potentially since World War Two. What do you think?

PRIME MINISTER:

Well Jim's probably a better military historian than me, perhaps better than both of us, but it is a very tense time on the Korean Peninsula, extremely tense time. That is why, you know, there is so much attention being paid to it.

This is one of the matters I discussed with US Defense Secretary James Mattis when I was in Kabul just recently visiting our troops there and in Bagdad in the lead up to Anzac Day.

And gosh, I tell you Neil when you see those young Australians in uniform in the field you cannot help being filled with enormous pride. As you know, the work they're doing in training and supporting those two countries as they, you know, build up their defence forces and their police forces, is really extraordinary. They're making a phenomenal contribution, young men and women there in very difficult circumstances. They are great young Australians. They're Australia's finest there in very tough circumstances doing a very good job.

NEIL MITCHELL:

Okay. This obviously will be a matter for discussion with the American President next week too, will it not?

PRIME MINISTER:

Yes, it will. Yes, absolutely.

NEIL MITCHELL:

What else? Can you tell us what else you will have on the agenda?

PRIME MINISTER:

Well there will be a number of things on the agenda and of course, but I would say the three, the two top security issues are; North Korea as we've discussed, the Middle East where we have a substantial military deployment across Iraq and Afghanistan as you know, and we are one of the largest participants in that coalition against ISIL and of course the Taliban in Afghanistan.

So North Korea, Middle East, Syria, Iraq, Afghanistan.

And of course on the economic front, the global economy.

Very interested to talk to the President about how he sees the progress of his move to cut taxes – in particular business tax. You know, we've succeeded as you know in getting company tax cuts for companies up to \$50 million turnover. But obviously if he succeeds in bringing US company tax down to 15 per cent, that will underline the point I've been making for a while that we've got to let Australian companies be competitive.

NEIL MITCHELL:

Tell me is Australia still deputy sheriff to the United States?

PRIME MINISTER:

(Laughter)

It's not a term I would ever use.

NEIL MITCHELL:

Well how would you describe the relationship?

PRIME MINISTER:

Well our relationship is one of an Alliance, you know, the United States has no closer ally than Australia. America is our most important ally.

NEIL MITCHELL:

So we're sort of co-sheriffs are we?

PRIME MINISTER:

(Laughter)

I'll leave the western metaphors to you. You sound like you've been reading a

bit of Zane Grey lately.

NEIL MITCHELL:

Very basic stuff after the international relations, gas prices. I took a call from Greta yesterday on the program – a pensioner, lives alone, relies on gas heating.

CALLER:

I can't afford to run the ducted heating all the time, it's just the prices. It's scary.

NEIL MITCHELL:

So what do you do to keep warm?

CALLER:

Well last night I sat on my chair and I rugged myself up with a big blanket and that's how I keep warm most of the time.

NEIL MITCHELL:

We have many people ringing saying the same things. To cut through it all and the politics and the business and everything, can you promise Greta and the other that their gas bills will come down?

PRIME MINISTER:

Neil, I'm not going to promise, make a promise like that to Greta. What I can say to you is this – and this is important to get beyond the glib, the one off lines – what we have seen, and I can explain how this happened-

NEIL MITCHELL:

Yeah, but I don't-

PRIME MINISTER:

Well hang on Neil.

NEIL MITCHELL:

I don't want glib but she wants an answer.

PRIME MINISTER:

Well the answer is that what I am doing, what I have done with the export measures that we have taken, will ensure that wholesale prices, there is downward pressure on wholesale prices.

Now wholesale prices of gas are a portion of Greta's bill. I don't know what her bill is but you know, a typical, many Victorians would be paying in

excess, around \$1400 a year for gas. Victorians use more gas than people do in other parts of Australia. But if around 15-20 per cent of your gas bill at home in Victoria comes from the wholesale price.

NEIL MITCHELL:

Well you're talking about the wholesale price coming doing by 50 per cent, do you standby that?

PRIME MINISTER:

Now hang on, hang on, no listen – let me just let me be clear about this – that is actually not what I said.

NEIL MITCHELL:

Oh okay, it seemed that you did.

PRIME MINISTER:

No I want to be very clear about this because Shorten misrepresented me as he always does.

What I said was that the – manufacturers in Victoria have been, are being offered right now, long term wholesale gas contracts at around \$20 a gigajoule which is a massive increase on where they've been in the past.

And what I said was, that if the market in Australia, the domestic market is adequately supplied, and that's what the export measures I've announced are going to do – that's their objective – then the price should be around half that or less.

And that is confirmed by industry experts, Tony Wood from the Grattan Institute in Melbourne confirms that so what I was talking about and the reason for that Neil is that that figure, that sort of \$10 or a bit less figure is around what the export price is.

So my point is that if the market domestically is fully supplied then Australian wholesale customers should not be paying materially different price to what exporters are paying.

NEIL MITCHELL:

Okay but Prime Minister – let's get back to the people who are sitting in their lounge room unable to use the gas. Now we've got the industry saying it's not going to achieve anything. We've got some others saying it's not going to achieve anything-

PRIME MINISTER:

No, no-

NEIL MITCHELL:

We've got some saying it's going to be a disincentive to investment-

PRIME MINISTER:

Okay, well-

NEIL MITCHELL:

Has Greta and her mates, have they got any hope at getting cheaper gas bills?

PRIME MINISTER:

Well there will certainly be, the measures I've undertaken, the government has announced, will put downward pressure on the wholesale price of gas and that is a portion of Greta's bill but its only part of it.

NEIL MITCHELL:

So we don't know really?

PRIME MINISTER:

Well it depends on how the gas company makes it up, I mean I've got the ACCC focused on these energy prices – there's been a lot of concern, we talked about this last time, I think, about electricity prices in Victoria.

But you don't have to take my word for saying that the measures I've undertaken will put downward pressure on prices, you had the head of the ACCC Rod Sims in the media yesterday saying 'of course if you have more supply in the market then that puts downward pressure on prices'.

NEIL MITCHELL:

Okay – so if it doesn't work in say six months to a year, would you look at doing something else?

PRIME MINISTER:

Well again, we will obviously, we review the effect of all of our policies Neil but the most important thing is to save the jobs that are being threatened. I know, you have got businesses around Australia and there are a lot of them in Victoria, Viridian Glass is one I went to the other day, which are very heavily dependent on the price of gas. If gas prices, if this shortage of gas were to continue in Australia, in eastern Australia then you would see thousands of jobs being lost.

Now I want to make one very important Victorian point, your listeners should understand that the real problem we have in gas in eastern Australia is the Victorian Government refusing to allow exploration and development of gas in Victoria. You've got heaps of gas in Victoria.

NEIL MITCHELL:

I've got the Premier here at 9am – what should he do? I'll put it to him.

What should he do?

PRIME MINISTER:

Well what he should do, he has got a ban on both conventional and non-conventional gas. Now non-conventional gas is what involves fracking, coal seam gas, that sort of thing – that has been controversial in many places but it's obviously being widely done particularly in Queensland.

So he's got a moratorium on that but he's also got a moratorium on conventional gas exploration.

There is a huge amount of gas in Victoria.

NEIL MITCHELL:

So what do you want – him to lift both moratoriums?

PRIME MINISTER:

Pardon?

NEIL MITCHELL:

You want him to end both moratoriums?

PRIME MINISTER:

Yes.

NEIL MITCHELL:

Okay. Alright.

PRIME MINISTER:

Well what we need, I tell you Neil that the solution, the longer term solution to the gas crisis in eastern Australia is more gas.

It gives me no joy to take these tough measures to limit exports to protect Australian jobs.

NEIL MITCHELL:

Yes.

PRIME MINISTER:

I mean, I'm doing it because I will always put Australian jobs and Australian businesses and Australian families first but longer term, what we need is more gas, so that we have got plenty of gas for Australians and we've got plenty of gas to sell overseas and make lots of export dollars. We should be able to do both.

NEIL MITCHELL:

Couple of other quick things if I may – Yassmin Abdel-Magied, the young women who tweeted so unwisely on Anzac Day, ‘Lest. We Forget’.

PRIME MINISTER:

Yes.

NEIL MITCHELL:

She’s on the Council for Australian-Arab Relations – a Government council. Should she be?

PRIME MINISTER:

Look, I’ll leave that to the Foreign Minister. Julie said she’s going to reflect on that.

Look, I’d say this about Yassmin Abdel-Magied – she made a, that was a very inappropriate tweet. Anzac Day is a day when Australians come together, commemorating not a victory–

NEIL MITCHELL:

Yeah.

PRIME MINISTER:

You know, we’re a remarkable nation, Neil. Our national veterans’ day is not celebrating a great victory. Gallipoli was a tactical disaster. But what we celebrate and commemorate is the human spirit, mateship, the endurance-

NEIL MITCHELL:

But she’s done a silly thing. She has done a silly thing.

PRIME MINISTER:

She has done a silly thing.

NEIL MITCHELL:

What about the ABC? What about them at least condemning it? I mean that’s a far more important thing in the sense that the ABC says: ‘Oh well, she’s only a part-time presenter and her views are her own.’ If that person worked for me, I’d certainly have an opinion on it. Wouldn’t you?

PRIME MINISTER:

She’s been roundly criticised.

NEIL MITCHELL:

Not by her employer.

PRIME MINISTER:

Well again that's a matter for her employer. I know that her –

NEIL MITCHELL:

Well the employer is yours. I mean you employ the employer. We employ the employer – it's the ABC.

PRIME MINISTER:

Righto, well the Communications Minister, who is a minister in my Government and who is responsible for the ABC, condemned the tweet, you know was very critical of it and talked about how inappropriate it was. Abdel-Magied recognised that she had made a very serious error of judgement. As I understand it she took the tweet down, she deleted it and apologised as she should have done. And she should very carefully reflect on that error of judgement.

NEIL MITCHELL:

And you won't make a call on whether you want her working for your government or not?

PRIME MINISTER:

Julie Bishop has said that she's going to consider it and it's a matter for Julie to deal with that.

NEIL MITCHELL:

Fair enough. Now can you explain to me how the federal deficit can all be wiped out by a bit of creative accounting?

PRIME MINISTER:

Well you can't wipe out the deficit by creative accounting. I don't know what you're talking about.

NEIL MITCHELL:

Well it can certainly be reduced. These changes Scott Morrison has revealed about the deficit and the way that it'll be assessed, the net operating balance, which effectively would reduce the deficit over a period of time by more than you expect. How does that work?

PRIME MINISTER:

Look I think Scott is making a different point. He's making the point between good debt and bad debt. The point that's he's making is, I think, one that everyone understands.

NEIL MITCHELL:

Well I'm struggling.

PRIME MINISTER:

Okay – well I'll explain it.

There is a difference between the debt you run up because your recurrent expenses, you know operating expenses for Government, exceed your revenue in taxes and the debt you run up to build economic infrastructure.

NEIL MITCHELL:

I see.

PRIME MINISTER:

It might be the NBN. It might be, you know, a new railway line. It might be a new –

NEIL MITCHELL:

Well it won't be because the infrastructure is an asset, effectively.

PRIME MINISTER:

Correct. That's exactly right.

NEIL MITCHELL:

Okay.

PRIME MINISTER:

It's the difference between, Neil, a family living beyond its means and running up debt that way, or going into debt to put an extension on the house or buy an investment or something like that.

NEIL MITCHELL:

So does that mean we'll borrow more?

PRIME MINISTER:

Well if you borrow –

NEIL MITCHELL:

We as a country will borrow more?

PRIME MINISTER:

No, it doesn't mean that.

What it means is that you should aim to live within your means as a country, so that you're not throwing a burden of debt onto the shoulders of your children and grandchildren.

Ideally, when you do borrow, you should be borrowing to build long-term assets which of course you pass on to subsequent generations, but you do so, you pass on the asset—

NEIL MITCHELL:

You still have to service the debt though.

PRIME MINISTER:

There is the debt, but they get the asset.

NEIL MITCHELL:

Okay. Just something else quickly – the unedifying debate going around on the Australian Olympic Committee – do you feel it's undermining the Olympic ethic, the Olympic movement?

PRIME MINISTER:

It's a very bad look there's no doubt about that.

Now John Coates has apologised for some remarks he made in an email and that was appropriate for him to do that.

But there's also these allegations of bullying. I know they're being contested, but I am the patron of the AOC although I obviously don't have a vote in the election. I just say that once this election is over which I think is in a week or so, the new board, the new president needs to quickly deal with this issue.

The allegations have got to be thoroughly investigated, dealt with because the Olympics are about an ideal of sportsmanship and giving everyone a go and excellence.

NEIL MITCHELL:

Yes.

PRIME MINISTER:

The Olympics are such an ideal – to have allegations of this kind surrounding it is very unsatisfactory. And the only way to deal with that is sunlight Neil. You've got have it properly investigated and dealt with, and if people have done the wrong thing, then they should be –

NEIL MITCHELL:

Dealt with yep.

Okay, Prime Minister I thank you very much for your time. I'm sorry we are out of time. Thank you very much for speaking to us.

[ENDS]

Doorstop with the Minister for Industry, Innovation and Science, Senator the Hon. Arthur Sinodinos and the Minister for Resources and Northern Australia, Senator the Hon. Matt Canavan

PRIME MINISTER:

I am here with the Industry Minister, Arthur Sinodinos, the Resources Minister, Matt Canavan and today we have taken decisive action to protect Australian jobs.

What we have seen is the situation where so much gas is being exported that the domestic market is being drained of the gas it needs for industries like this, for households, for all of the demand on the east coast.

Now that is utterly unacceptable.

Australian demand, Australian businesses, Australian jobs, Australian families have to come first. It is ridiculous for us to be on the edge of becoming the largest LNG exporter in the world and not to have enough gas for our businesses, for our households, for industries, great industries like this here in Australia.

So as the Minister for Resources will go into more detail in a moment, what we are doing is ensuring that where a gas shortage is identified by the energy market operator and the ACCC and the Minister is satisfied that that is forecast, then export restrictions will be put in place with the result that the market, the Australian market, will have adequate gas supplies.

It is fundamental, fundamental action needed to protect the national interest. That's our commitment. Australian jobs, Australian industry must have enough gas. It is vital that the energy market here is fully supplied.

So I will ask Arthur to say a few words on behalf of industry and then Matt will talk about the details of the export licensing regime in more detail.

Arthur.

MINISTER FOR INDUSTRY, INNOVATION AND SCIENCE:

Well, thank you, Prime Minister.

The point I would simply make is this – I've had too many stories of Australian businesses saying they are running out of affordable energy. They want affordable energy to keep jobs here. We can't have a situation where Australian businesses talk about importing energy because we're exporting energy. We are a great country with lots of resources.

What today's announcement does, under the leadership of the Prime Minister is say to the gas producers and others: 'We will make sure, over the short term, that you provide enough gas to the domestic market to be putting pressure on domestic prices so that there is affordable energy for Australian businesses and at the same time we will make sure that the export sector understands that there is a responsibility to have a domestic industry, because without that, we don't also have the incentive to develop our resources for export as well. One helps the other.

So this is a very good announcement from the point of view of industry. It is a bridging mechanism until some of our other measures come in.

Matt Canavan, the Minister, has designed this mechanism and it's over to him.

PRIME MINISTER:

Thank you Matt.

MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA:

Thank you PM.

Can I first thank James and his team, the 465 staff here at Gibson Island for having us here today. It is a fantastic business and the people of Brisbane and particularly East Brisbane, Capalaba and Karina and all of these places, we need businesses like this to provide these jobs and that's why we are here acting today.

If you have a shortage of chicken at the shops, you can substitute to beef, but if you have a shortage of gas for Australian industry, they can't substitute to other sources. This business relies on adequate and reasonably affordable gas. Gas for Australian industry is the bread and milk that they require, it is a staple and that's why we are acting to make sure there are reasonably priced and secure supplies of domestic gas for businesses like this.

Today we announce the Australian Domestic Gas Security Mechanism. We have designed the mechanism to be both targeted and temporary in nature, to be a bridge until we can develop more resources.

Today I will write to all of the LNG exporters with the details of our

proposed mechanism and ask for their feedback.

That mechanism would only be activated in the event that there is an identified shortfall in the market, based on advice from the ACCC or AEMO. We would then enter a process of consultation with the industry in the event of that identified shortfall to work out what they are supplying and how we might respond to that. We would only seek under our proposal to rectify the shortfall from those producers that are drawing down from the domestic market, that are taking more out than they are producing themselves. And then that would be put in place, those licences would be put in place to secure gas for domestic needs, for jobs here in Australia, to make sure that we don't have the situation the Prime Minister outlined where we are expected to pay more for gas than those countries we are exporting to.

We will consult now over the next couple of months with industry. We hope to have draft legislation under the Customs Act out by mid-June and we hope to have this mechanism in place by 1st of July this year.

PRIME MINISTER:

Thank you.

JOURNALIST:

Are you going to take questions?

PRIME MINISTER:

Yeah sure.

JOURNALIST:

On formulating this policy you must have some feedback from the LNG industry. Has it been positive so far?

MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA:

We have had a number of discussions with LNG producers in the past couple of months. Those discussions have been constructive. I am not going to go into private conversations or details here in public, except to say I think the industry understands that we have to develop our resources for our nation's interests. We have to secure our own domestic energy security first and then, of course, we can take advantage of export markets and revenues from that.

So I think there is a great understanding of that broad requirement. We will now discuss in more detail the proposal we are putting forward today.

JOURNALIST:

Prime Minister, I think most Australians would applaud this decision today to secure the supply of gas but what can be done about bringing down the price of gas? I mean there are no guarantees that these measures are going to have any impact on price.

PRIME MINISTER:

Let me respond to that point about the price of gas. What we have seen in very recent times, because of the forecast shortfall in the market, we have seen wholesale customers, industrial customers like Incitec and I am not referring any quote that has been made to them but wholesale customers being quoted prices of up to \$20 a gigajoule. Now, that is way above the export price.

The reason for that is that the exporters had committed themselves contractually to export more gas than they were producing themselves. They were drawing out of the domestic market.

A wholesale price and I stress this is a wholesale price, for gas in Australia today, if it was based on the export price would be less than half \$20. Now this is not saying that all gas prices will be halved as a result of these changes.

Wholesale gas, for example, if you're a household, a family, the wholesale price of gas is between 15 and 20 per cent of the cost on your gas bill because the gas company obviously has to get the gas to you. It has got a whole pipeline distribution network and many other costs as well.

What we have been focusing on is the wholesale price of gas because that is fundamentally, that is, as Matt was saying, that is life and death. That is the absolute essential staple commodity for so many industrial businesses.

In the case of a business like this, the vast majority of its cost is the cost of gas, the wholesale price of gas.

When the market is in balance, when it is adequately supplied, wholesale prices should be not materially different from the export prices. They certainly should not be materially higher. That is one of the ways in which you will be able to see whether the market is in balance.

JOURNALIST:

You're effectively hoping that these measures will bring the price done-

PRIME MINISTER:

There is no doubt, if the market is adequately supplied, then prices – you would not be seeing \$20 a gigajoule prices being quoted and that is the reference I have been making.

The hardest impact of this has been on industrial customers who are buying wholesale gas. Of course, this is gas, the price of gas, the wholesale price of gas is relevant to households although it is a smaller percentage of their gas bill.

It is obviously vitally important to the electricity sector because so much of our electricity generation, particularly at peak times, comes from gas generators.

Again, ensuring that gas, the Australian market is adequately supplied is absolutely critical.

This is not the long term solution. I want to be very clear about this.

The long term solution is we need to produce more gas. We need to have more production.

At the moment, we have state governments and in particular the State of Victoria, which has put a ban on all gas exploration and development in that State.

Now, Victoria has got plenty of gas. The Victorian Government has not only banned non-conventional gas development but it has also banned conventional gas development. That is – that is putting the energy sector and manufacturing at risk. What we are doing here is taking decisive action in the national interest to protect Australian jobs right now but, longer term, we need to have more gas. We should be able to export plenty of gas and have plenty of gas available for our domestic market. We should be able to do both and we need to get more production.

JOURNALIST:

Will this measure have an adverse effect on those major exporters like those that are based in Gladstone? For instance, they're employers as well, they have employees-

PRIME MINISTER:

We have designed the measure so that it is the minimal intervention in the market to achieve the outcome we need to protect Australian jobs, especially in manufacturing industry. LNG exporters, an LNG exporter who was found by the process the minister described to be, to not be a net contributor to the Australian domestic market, would of course be able to take steps by swapping cargos to ensure they fulfil their contracts.

But, you know, the fundamental primary responsibility of the Australian Government is to protect Australian jobs and protect Australian industry that provide those jobs.

That is why we are taking this decisive action, putting Australian industry, Australian business, Australian households, Australian jobs first.

JOURNALIST:

[Inaudible]

PRIME MINISTER:

Can we continue on energy and we will get back to sport a little later? We'll have sport at the end of the bulletin as you normally do.

(LAUGHTER)

JOURNALIST:

Sir, a consideration of giving penalties or something like that to exporters that don't commit to-

PRIME MINISTER:

Matt will deal with that.

MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA:

Thanks for that question. As I outlined, this provision, this mechanism would be established under the Customs Act. There's existing powers under that act for breaches of regulations under it. We will discuss with the industry the enforcement provisions that would be relevant and best suited though for this particular mechanism. We already use those provisions to regulate the export of uranium and we have regulated the export of other resources in the past as well. It is nothing new in this mechanism, these are powers that have been long standing with the Commonwealth Government, they're existing provisions to deal with those issues.

JOURNALIST:

Will it have a built in life span? Or is there any restriction on how long it can –

MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA:

So we are proposing to have a sunset clause provided. We will talk to the industry about the length of time for that.

As the Prime Minister outlined, the long term need for Australia is to develop our gas resources, otherwise we will be slaves to the world markets and what happens overseas. That's what we have got to focus on doing long term.

This is meant to be a temporary and targeted measure to sustain jobs here in Australia now.

JOURNALIST:

Prime Minister, this may well fix the supply issue but then we've got the taxation issue. Would you agree that the taxation of these big gas projects – the taxation system is broken?

PRIME MINISTER:

Look, I wouldn't describe it – certainly I wouldn't describe it like that.

As you know, there has been a review done by Mr Callaghan and the results of that will be published shortly.

But all of these businesses are ones that provide thousands of jobs. I mean there are 65,000 jobs that are in businesses that have a very heavy

dependence on gas, as a feed stock or providing thermal heat. All of those jobs are at risk, would be at risk if we were not taking the action today.

So what we are doing is taking decisive action to protect Australian jobs today. But the longer term solution does involve more gas supply and also the work that we have undertaken with respect, for example, to the pipeline business which is part of the cost of gas – you know moving it from the well to the customer – and again, we are delivering greater transparency, greater ability for people to access those pipelines.

All of those measures, all of those reforms are designed to deliver one thing, a more efficient Australian energy market, a more efficient gas market and to provide more secure and more affordable gas and other sources of energy for Australian businesses and families.

JOURNALIST:

How is it fair to ask pensioners for instance to tighten their belts to fix the budget crisis, when you've got these LNG exporters – we're talking about the exporters particularly – you've got these LNG exporters paying virtually nothing in any federal tax with what they're selling to Asia?

PRIME MINISTER:

Well everybody is obliged to pay tax in accordance with the law.

No government has been more forceful, more aggressive, if you like, in stamping out multinational tax avoidance.

We introduced tough new laws at the end of 2015, which I might say the Labor Party voted against.

We have introduced more anti-avoidance measures very recently, which are going through the Parliament.

We are cracking down on multinational tax avoidance and you have seen the ATO has had some success in its enforcement measures as well.

So I can assure you, while we believe in lower taxes, because that encourages investment, tax reform is not a self-help exercise. Whatever the tax law is at the time, everyone has got to comply with it.

JOURNALIST:

Will you fix that petroleum tax because the big LNG exporters aren't paying anything?

PRIME MINISTER:

Look I think that is – the energy sector is paying tax in accordance with the laws at the moment and if they are not paying tax in accordance with the law, then the ATO is able to take them to court and of course as you have seen, is more than prepared to do so.

Do you want to add something, Matt?

MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA:

I was just going to say, just, I think it is relevant and important to note here in Queensland, the east coast LNG export industry, they are getting their gas from state government areas, so they pay a royalty on that coal seam gas production here in Queensland.

And a few years ago the federal government extended the petroleum resource rent tax to onshore gas development as well. So there has been a move at the federal government and state government level to ensure we are getting a fair return on this production.

I take the issue you raise and that is why the Government established a review of the petroleum resource rent tax and we will make further comments on that as we get that report and consider its recommendations.

JOURNALIST:

Prime Minister can I just ask you another question – we’ve just got a story out of Victoria today saying that a lot of pensioners are being signed up to expensive phone plans and they can’t afford \$200 a month and that there should be more regulation in this industry – I mean even banks have stricter regulations – do you have anything?

PRIME MINISTER:

Well look, I am not familiar with the precise details of the matter to which you refer, but any issues like that will be – we will obviously look at them very closely but this is clearly a matter for the ACCC – they are the Consumer Watchdog.

They pay very close attention to that sector, to the telecom sector and I’ve got no doubt they will be following it up. We will make sure that they are. Certainly. Thanks for the inquiry.

JOURNALIST:

Is the inland rail still very much a priority for the government?

PRIME MINISTER:

Yes, inland rail is a very high priority.

JOURNALIST:

And can we expect something in Tuesday’s Budget?

MINISTER FOR INDUSTRY, INNOVATION AND SCIENCE:

Wait til the Budget.

(Laughter)

PRIME MINISTER:

Wait until the Budget – wait until the Budget. But yes, it is a very high priority. So you can join the dots.

JOURNALIST:

The Australian's Newspann showed a majority of voters want change to negative gearing and capital gains tax concessions for property investors. Is the mood changing?

PRIME MINISTER:

Look again, all of these matters will be dealt with in the Budget.

But you know we took a very strong stand to the election on those matters.

The Government has absolutely no doubt that the solution to greater housing affordability is to build more dwellings. There is no question about that.

The tax laws you refer to apply right across the country.

Housing affordability differs from market to market and it is a supply and demand issue. It has been particularly a problem in Sydney and in Melbourne and in both cities, it has been the consequence of there not being enough construction of dwellings. In other words, supply has not kept up with demand.

Now that is being addressed and what we are determined to do is to ensure, recognising that housing policy and planning is really a matter for state governments, the Federal Government has limited influence but so far as we can, with our City Deals and our work with state governments, we are doing everything we can to encourage more development, more dwellings so that that supply demand gap is made up.

But I have to say, in New South Wales, for example, the Berejiklian Government is doing a great job in ramping up dwelling approval and construction and that is a tribute to them but it takes time to make up that gap.

The sporting question, yes.

JOURNALIST:

John Coates – [inaudible]

PRIME MINISTER:

Look I won't buy into that contest. I know both contenders; John Coates has obviously has had a very long career at the AOC that you've reminded us of. Danni Roche is an outstanding Australian, a gold medalist but it is really, that is an election contest in which I am, the Government is, not a participant and we shouldn't be commentators either. But I am sure that the

various organisations that, you know, have their say, will come to a wise decision.

Thanks very much.

JOURNALIST:

Just on cross river rail – Mr Morrison has adjusted the budget to put back bad debt recovery through. Do you see the cross river rail as good debt type project to South East Queensland?

PRIME MINISTER:

Well as you know, we have committed \$10 million. We have contributed \$10 million to do a full business case on the cross river rail. It is very important that it be well-planned.

In particular, it is very important that the state government, as the proponent, as the builder of it, does everything it can to maximise its ability to capture value from increases in property values from this project. This value capture concept is vitally important to get the biggest infrastructure bang from the taxpayers' buck and planning is essential.

So we are certainly very alert to the project, Paul Fletcher's had many discussions with Jackie Trad about it. It is also important that we, that business study, business plan is going to do to look at how that works in with the city council's own mass transit plan as well.

But the point that Scott's making about good debt, bad debt – just to sum that up – the point he is making is that there is a difference between Government debt that you incur because you're living beyond your means, because you're spending more than you are receiving in tax and debt that you incur in order to build an asset, particularly an economic asset, like rail or like the NBN for example, you've raised telecoms a little while ago, or pipelines – so that is the point and everyone understands that.

I mean there is a difference between running up debt because you can't you know you can't manage a household expenses, or you spend too much on a holiday, more than you planned and borrowing money to buy a house or investment or whatever.

So that is the point that he is making. Debt has an important role to play but we should not be living beyond our means.

So we are committed to bringing that Budget back into balance. That is vitally important so we're not throwing, by not living within our means, mountains of debt onto the shoulders of our children and grandchildren.

Thank you all very much.

[ENDS]