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**NEWSLETTER**



**This year, the Australian people will see our strong economic plans explained and put into practice.**

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## 2016: A year of growth and prosperity

As Parliament resumes in 2016, my colleagues and I will focus on delivering a more productive economy that provides higher real wages, more investment and strong jobs growth.

Our aim is to achieve sustainable growth in employment and stronger real wage growth – so that all Australians can enjoy better living standards, and so that Australia is more competitive internationally.

In order to achieve this goal, you will see the Government in 2016 continue to deliver economic reforms, such as competition and tax reforms, so that our country can create more jobs and be more productive. Our \$1 billion innovation agenda is already underway, as is the largest investment in infrastructure in Australia's history.

Combined, these two initiatives lay the foundation to address Australia's present and future economic needs.

As we move out of the investment phase of the mining boom, we must ensure that productivity and job creation stay high. While mining investment was flourishing through the 1990s and 2000s, productivity growth reached heights of over two per cent. Since then, it has fallen to one fifth of that rate, at just 0.4 per cent

today – half of the long-term average. This means our policy of sustained productivity growth, with a focus on innovative enterprise, is vital if we are to continue to enjoy the Australian way of life. The Government delivered promising results at the end of 2015, with the best employment growth figures in nearly a decade. 300,000 more Australians have jobs compared to this time last year, putting us well on our way towards our target of creating one million jobs by 2018.

Nevertheless, there is no silver bullet for achieving these goals: ongoing reform across a range of areas is necessary. The Government has already outlined a \$50 billion infrastructure package because we recognise that our cities need to function well on a practical level if they are to become hubs of productivity growth. We will also continue to work closely with State governments to achieve better outcomes in health and education.

Furthermore, 2016 will see us strengthen competition policy; this was outlined in our response to the Harper Review. Robust competition delivers more consumer choice and a lower cost of living – another boon for productivity growth. ▶

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The Turnbull Government will maintain our attitude of broad and representative consultation in all our decision-making, so that the community at large remains an integral part of our reform agenda. Over the course of 2016, you should expect to see our strong economic plans explained and put into practice.

I wish you all a happy and productive year ahead.



## The importance of the Innovation Agenda

I have often said that Australia has an imperative to innovate. In the modern day, digital disruption is moving faster than we could ever have imagined. It's no longer just an interesting phenomenon – it's an everyday reality. No area of society can be insulated from it.

This means that investment in new and uncertain ventures can be beneficial to everyone – even though traditional industries are often reluctant to shoulder the risk. In recent years, Australia has grown notoriously risk-averse – particularly in terms of venture capital, where private sector investment has flat-lined at just 0.1% of GDP.

In order to turn this around, we need to promote a mindset that

embraces innovation. Australia has a diverse economy with a great number of strengths to build upon. The challenge for the Government is how to encourage innovative thinking, entrepreneurship and risk-taking across these diverse areas of strength.

Through the National Innovation and Science Agenda announced in December, we are bringing government and industry together to foster a creative, entrepreneurial culture in which thinking 'outside the box' is the norm.

We're breaking down Australia's risk-averse culture through legislative change and tax reform that make strategic risk-taking easier for

entrepreneurs. Among these are changes to bankruptcy legislation, adopting a number of Productivity Commission recommendations to reduce the threat posed by insolvency to Australian entrepreneurs.

We are also making it easier for entrepreneurs to find capital, ensuring that the best home-grown innovative ideas stay on our shores. We are introducing a suite of measures that make investment in start-up businesses more attractive, including tax incentives for 'angel' investors supporting new companies with high growth potential. There are further changes aimed at helping innovative start-ups to become more profitable; these include increasing access to prior-year losses when a business' operations evolve, and optimising tax treatment of the depreciation of intangible assets like intellectual property to recognise their value more accurately.

In addition, the agenda encourages innovative businesses to collaborate across industries and disciplines. Collaborative innovation is the work of the future: the modern workplace is always connected, and huge repositories of knowledge need only be a click away. We need to harness this perpetual connection to allow innovators to collaborate more effectively – because it's when industry, government and academia are able to work in tandem that the best, most innovative solutions are born. The most significant advances occur when ideas are brought together from a diverse range of perspectives – because it's this diversity of ideas that creates the 'disruptive' products that a traditional, linear development cycle can't produce.

Our agenda includes several measures aimed directly at partnering innovators with industry, research and investment, so that Australia's best ideas can become reality. We are offering grants and facilitating administration for industry to collaborate with researchers, and we will also implement

a Global Innovation Strategy to allow Australian businesses to access knowledge and capital from overseas more easily.

We are also focusing on opportunities for start-ups to collaborate, with an Incubator Support Programme aimed at providing funding and specialist advice to areas that lack existing innovation support mechanisms.



Collaborative innovation is not a skill; it's a mindset. You can't 'learn' innovation, or switch it on or off. As with any cultural change, no single policy can bring it about. Continuous, long-term support is required if we are to create an innovation ecosystem to rival the world's best.

Our National Innovation and Science Agenda is a down-payment for creating such an ecosystem. Once it is established and allowed to flourish, our community as a whole will reap the benefits.

**Senator Sinodinos at  
Regional Development  
Australia in the Hunter  
– a hub of innovation  
in NSW.**

## Our responsibilities in the campaign against ISIL

*Following attacks on innocent civilians around the world by violent extremists, the attention of many Australians has been drawn to our country's contribution to the effort to defeat ISIL forces in the Middle-East.*

*During his recent trip to Washington DC, the Prime Minister, the Hon. Malcolm Turnbull MP, spoke at the Centre for Strategic and International Studies. In his address, he emphasised the importance of destroying ISIL's self-styled caliphate, but also discussed the complex challenges that coalition forces face in doing so. In particular, he stressed that the campaign – both militarily and politically – must be driven principally by the people of Iraq and Syria if a long-term solution is to be reached.*

*An extract of the Prime Minister's speech is reproduced below.*

The destruction of ISIL requires military action including boots on the ground. But they must be the right boots on the right ground.

The recent retaking of Ramadi is a good example. Led by the Iraqis themselves, assisted by the Coalition's respective air and Special Forces, it was not just a blow to ISIL, but an example of the right combination.

An enduring victory must be won and owned by the people of Iraq and Syria.

Our role in the coalition is very important. The Prime Minister of Iraq thanked me personally for the role that the Australian advisers played in supporting the retaking of Ramadi. But it was politically vitally important for him that the retaking of that city was done and seen to be done by the Iraqi army and, in particular, their counterterrorism service which is their elite units.

Now this check in ISIL's momentum is only the first step.

The border between Syria and Iraq is a line on the map. Neither country can be secured without a settlement in the other. Unless the Sunni populations in Syria and Iraq can be reconciled with a new and inclusive order - then ISIL or a successor extremist group will have a ready recruiting ground.

The biggest challenge is plainly finding that political settlement in Syria. The scale of the suffering is so great –

a quarter of a million killed, 4 million refugees outside of the country, 6 million internally displaced.

The enmities are so deep, the wrongs so shocking, that every option should be on the table - from an institutionalised power sharing to some form of partition. This is a time for creative pragmatism and a recognition that difficult compromises will be required, particularly to avoid the sectarian aspect of this struggle spreading more widely across the region. It is, above all, a time for all parties – our US-led coalition, the Sunni states of the region, Iran and Russia – to get on the same page and bring this war to an end.

Now, looking at the challenge more broadly, all of our words and deeds must be calculated with one aim in mind - to defeat the extremists, to dissuade people from joining them, to thwart them when they try to attack us, to punish them severely when they do - all to the end of making our people safe.

We should not be so delicate as to say ISIL and its ilk have 'got nothing to do with Islam'. But neither should we tag all Muslims or their religion with responsibility for the crimes of a tiny terrorist minority. This is precisely what the extremists want us to do.

Today, they want us to turn on the Muslim communities in our midst because it reinforces their narrative

to young Muslims that America or Australia does not want them, that they have no future here, that this is not their country too.

Now, I have been heartened by my conversations with leaders of Muslim-majority nations who are promoting an authentic, modern and tolerant Islam. As one said to me only a few days ago 'We must not allow these criminals to hijack our religion.'

President Joko Widodo of Indonesia, whose capital was attacked last week and with whom I spoke again on Friday, is a powerful advocate for moderate and tolerant Islam. He condemns the extremists not just for their violence, most of which, after all, is directed against other Muslims, but for the way they defame Islam, his faith. As the democratically elected leader of the world's largest Muslim-majority country, President Jokowi can play a vital role in promoting the counter narrative from within the world of Islam that will ultimately defeat ISIL and the other similar violent extremists.

We will continue, for our part in Australia, our very close cooperation with Indonesia in the campaign against terrorism. And in Australia, leading Islamic groups and leaders have also spoken out strongly against ISIL, warning that any support for the group contradicts Islamic teachings.

Now, as we confront this threat, at home, in the Middle East, in Africa and South East Asia, we should remember that terrorism is a strategy of the weak deployed against the strong.

We should not, as the President observed last week, allow anxiety about ISIL to lead us into exaggerating its power. Their threat to sweep across continents like the armies of Mohammed, to stable their horses in the Vatican are crazed delusions. We should not amplify them.

The coalition will win: by targeting ISIL militarily, using local ground forces supported by Coalition air power,



weapons and training; curbing ISIL finances; stopping foreign fighter flows; and pursuing political resolution and reconciliation in Syria and Iraq.

There is one element of our campaign, however, that needs considerable improvement. ISIL may have an archaic and barbaric ideology but its use of technology and social media in particular is very sophisticated and agile. As ISIL uses social media for its propaganda, we must respond rapidly and persuasively with the facts.

It was clear to me from my recent visit that the Iraqi Government and other anti ISIL forces are not reacting quickly enough to contradict ISIL's online messages which have been used both to recruit new fighters and demoralise those who oppose them and we should help them with this.

ISIL claims must be mocked and disproved as soon as they are made. The cybersphere demands reactions as rapid as the kinetic battlefield.

We are working with our partners in South East Asia to improve the effectiveness of our counter narrative online, and I was pleased to see heightened cooperation here in Washington between the Government and the private sector telcos, software developers, and social media platforms to that end.

**Prime Minister  
Malcolm Turnbull  
speaking at the  
Centre for Strategic and  
International Studies in  
Washington DC.**

Senator Sinodinos with the  
Chancellor of the University  
of Newcastle, Mr. Paul Jeans



## University of Newcastle 50th Anniversary Celebration

*I spoke at the 50th anniversary of my alma mater, the University of Newcastle, in the Mural Hall in Parliament House. It was a great opportunity to join fellow alumni in celebrating how far the University has come, transforming from a small college into Australia's top-ranked 'under-50' university and a pillar of the Newcastle community. You can read my address below.*

I won't keep you too long, and I won't reminisce too much. The first thing I will say, though, is that I can't conceive of the Hunter without the University of Newcastle. It's so integral to the identity of the Hunter today. You are now at the heart of helping to drive regional economic growth and development.

When I went there in the mid-seventies, it was a young university just finding its feet. It had been a university college; it had been more of a technical college, in a way, because it was built on servicing BHP and the surrounding industries. But it was adding on Arts faculties, Science faculties, other faculties; so it was starting to become what it is today: a place which expands the mind of native Novocastrians and all others who come to the region to get a world-class education.

For me, it opened my mind in a lot of ways. I met people from other parts of

the world, probably for the first time in my life. It was a wonderful bush environment, and I just wish every student had the opportunity to go to a university which really puts you at ease, just by its physical nature.

I got to meet some very strange people! Godfrey Tanner, the Classics professor, some of you may remember: a classic individual after whom I think various facilities in the university are named. Wonderful character. I suspected he was gay, but I wasn't quite sure, because I hadn't grown up being taught about such things – but I was to learn other things later!

But the important thing was: it expanded my mind. I went to uni to do Law because my parents didn't want me to go to Sydney to do Law – they preferred me to stay in Newcastle, at least for my first degree – because I had qualified to go to Sydney unis. So I sort of compromised by doing

Economics and Commerce; but then once I got into Economics, I felt it helped explain how the world worked, so I really got into it.

But the part of economics I really enjoyed was economic history – about how things had come about. And what it taught me was that theories, equations – that's all great; but history is a living thing, and things happen in history which you can't just explain with models.

So, for me, when I came out of university, I came out with a belief in markets, but I also came out of it with a belief that governments have an important role to play in catalysing communities.

And I've seen over the last few years the way Newcastle – under your leadership, Caroline [McMillen] and Paul [Jeans] – has become a catalyst for all sorts of new developments in the Hunter.

I've had the odd searing experience there when I was working in John Howard's office in the mid-nineties. That's when the steel industry was going into decline and we'd worked out all these adjustment packages; and we thought, you know, we'd go up there, we'll make a big thing of this. We'd been working with some of the unions up there, the AWMU and others – so we thought, 'This is going to be great!'

We got up there, we announced the package in a building in the centre of Newcastle, and then the word came back from security that the building was surrounded!

And we said, 'Who's it surrounded by?' And they said, 'All these unionists.'

I said, 'They're baying for blood;' I said, 'Well, we've just offered them this big package'.

He said, 'Well, they're still after you, you and Howard will have to get out'.

So they arranged for us to leave by the back door, and we were literally run out of Newcastle!

And I remember the next day, the Newcastle Herald had this big headline, *You've given us X million, what about the other 999 jobs?* And I said to the PM, 'Look, you've got to understand: people in the Hunter are very proud people, and they want to stand up on their own feet. They'll take what you've given them, but they want to stand up on their own feet.'

And what I've found after that period, from the late nineties to a few years ago, that all of a sudden attitudes in Newcastle changed. It was like a lightbulb moment; we'd hit rock bottom, and then people decided: we are going to determine our future. We are going to build on the things we are strong on, and we will go to Government with a vision of what we want to be.

And what's been integral to that vision? It's the University of Newcastle and the support you've provided.

So now you're a world class university. I have friendships that go back fifty years – well, forty years, I should say, from the mid-seventies – because of the university. I've got a chief of staff in my office, Nigel Bailey, who's from Newcastle as well; and we conspire to get back there because I've purloined the role of Patron Senator of Newcastle and the Hunter for myself. We conspire to get back there as soon as we can, and as often as we can.

And while I will never do anything to distort the priorities of Government in favour of one region over another, the thing is, I've always encouraged people in the Hunter to unite, as they are doing – for the various business organisations, and in concert with the uni – to get things done on behalf of the Hunter. ►

My view is that Newcastle can be a global city. It's got all that it needs to be a global city; and we, at a Federal level, working with State and Local, we can help you do that. But the vision has got to come from you; and it is coming from you! And for me, there's nothing more encouraging than to see people from home coming to Canberra and putting the case for that great part of Australia.

So, thank you, those of you who have made the effort to come to Canberra for this. Thank you to the alumni working in the public service who have taken time off to be here. Thank you to my parliamentary colleagues for showing your support.

It's a great part of the world. I always feel far more relaxed when I go home. Thank you for having me.

## Opening of Technical and Applied Studies Block, Patrician Brothers' College, Fairfield

In December, I had the pleasure of opening the Technical and Applied Studies Block at Patrician Brothers' College in Fairfield.

Students and staff at the College now have full use of the nine specialist rooms for technical and applied studies, seven general learning areas, an administration area and staff and pupil facilities. The Australian Government provided \$3,500,000 in funding from the Capital Grants Programme.

Students and the whole school community will benefit from using the new facilities. These new learning spaces take into account the latest in education research and will see students learn more effectively.

The Australian Government is contributing a record \$69.5 billion to government, independent and Catholic schools over the budget and forward estimates – this represents a \$4.1 billion, or 27.9 per cent, increase between 2014–15 and 2018–19.

As well as delivering increased funding, the Australian Government is focusing on quality and choice for schools.

