

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Finance

Financial Framework (Supplementary Powers) Act 1997

*Financial Framework (Supplementary Powers) Amendment
(Defence Measures No. 3) Regulations 2024*

The *Financial Framework (Supplementary Powers) Act 1997* (the FFSP Act) confers on the Commonwealth, in certain circumstances, powers to make arrangements under which money can be spent; or to make grants of financial assistance; and to form, or otherwise be involved in, companies. The arrangements, grants, programs and companies (or classes of arrangements or grants in relation to which the powers are conferred) are specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the Principal Regulations). The powers in the FFSP Act to make, vary or administer arrangements or grants may be exercised on behalf of the Commonwealth by Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

The Principal Regulations are exempt from sunseting under section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015* (item 28A). If the Principal Regulations were subject to the sunseting regime under the *Legislation Act 2003*, this would generate uncertainty about the continuing operation of existing contracts and funding agreements between the Commonwealth and third parties (particularly those extending beyond 10 years), as well as the Commonwealth's legislative authority to continue making, varying or administering arrangements, grants and programs.

Additionally, the Principal Regulations authorise a number of activities that form part of intergovernmental schemes. It would not be appropriate for the Commonwealth to unilaterally sunset an instrument that provides authority for Commonwealth funding for activities that are underpinned by an intergovernmental arrangement. To ensure that the Principal Regulations continue to reflect government priorities and remain up to date, the Principal Regulations are subject to periodic review to identify and repeal items that are redundant or no longer required.

Section 32B of the FFSP Act authorises the Commonwealth to make, vary and administer arrangements and grants specified in the Principal Regulations. Section 32B also authorises the Commonwealth to make, vary and administer arrangements for the purposes of programs specified in the Principal Regulations. Section 32D of the FFSP Act confers powers of delegation on Ministers and the accountable authorities of non-corporate Commonwealth entities, including subsection 32B(1) of the Act. Schedule 1AA and Schedule 1AB to the Principal Regulations specify the arrangements, grants and programs.

Section 65 of the FFSP Act provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 3) Regulations 2024* (the Regulations) amend Schedule 1AB to the Principal Regulations to establish legislative authority for government spending on activities to be administered by the Australian Submarine Agency, part of the Defence portfolio.

The Australian Submarine Agency is an Executive Agency established on 1 July 2023 through an Order made on 27 April 2023 by the Governor-General, under subsection 65(1) of the *Public Service Act 1999*. It is a listed entity prescribed under the *Public Governance, Performance and Accountability Rule 2014*.

Funding will be provided for the:

- Industrial Uplift—Workforce Initiatives, to support and increase the capacity of Australia’s naval shipbuilding and sustainment industrial workforce with a focus on delivering conventionally-armed Nuclear-Powered Submarines (NPS), including through the development and funding of career information and resources, vocational education and training programs, placements and incentives (\$68.4 million over seven years from 2024-25); and
- Nuclear-Powered Submarines Program Technical Scholarships Initiative, to increase the attraction to and awareness of opportunities in the NPS enterprise by providing scholarships to domestic undergraduate students undertaking study in the fields of science, technology, engineering and mathematics (\$16.3 million over six years from 2024-25).

Details of the Regulations are set out at [Attachment A](#). A Statement of Compatibility with Human Rights is at [Attachment B](#).

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulations commence on the day after registration on the Federal Register of Legislation.

Consultation

In accordance with section 17 of the *Legislation Act 2003*, consultation has taken place with the Australian Submarine Agency.

A regulatory impact analysis is not required as the Regulations only apply to non-corporate Commonwealth entities and do not adversely affect the private sector.

Details of the *Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 3) Regulations 2024*

Section 1 – Name

This section provides that the title of the Regulations is the *Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 3) Regulations 2024*.

Section 2 – Commencement

This section provides that the Regulations commence on the day after registration on the Federal Register of Legislation.

Section 3 – Authority

This section provides that the Regulations are made under the *Financial Framework (Supplementary Powers) Act 1997*.

Section 4 – Schedules

This section provides that the *Financial Framework (Supplementary Powers) Regulations 1997* are amended as set out in the Schedule to the Regulations.

Schedule 1 – Amendments

Financial Framework (Supplementary Powers) Regulations 1997

The item in Schedule 1 amends Schedule 1AB to the Principal Regulations to provide legislative authority for government spending on activities to be administered by the Australian Submarine Agency (ASA) within the Defence Portfolio.

Item 1 – Part 4 of Schedule 1AB

This item adds two new table items in Part 4 of Schedule 1AB.

Table item 694 – Industrial Uplift—Workforce Initiatives

New **table item 694** establishes legislative authority for government spending on the Industrial Uplift—Workforce Initiatives (the program). The ASA administers the program, which is funded through the Defence Integrated Investment Program (IIP).

The ASA was established by Executive Order on 1 July 2023 to acquire, construct, deliver, sustain and dispose of Australia’s nuclear-powered submarines (NPS) alongside other functions, including assuming responsibility for the ongoing delivery and sustainment of the Collins class submarine capability when directed by Government. To achieve these functions, the ASA and the broader workforce must undergo a workforce and skilling uplift. The ASA is undertaking ongoing initiatives to support the workforce uplift required to develop a suitably skilled and experienced sovereign workforce capable of building, operating and

sustaining an SSN (which is the hull classification for nuclear-powered general-purpose attack submarines) capability.

The Government will provide funding of \$68.4 million over seven years from 2024-25 to deliver initiatives designed to improve the national industrial workforce that will deliver Australia's NPS and the Naval Shipbuilding and Sustainment (NSS) enterprise.

The program aims to support the delivery of the NPS Program by collectively addressing identified and projected workforce shortages impacting the NPS Program industrial workforce and the NSS enterprise industrial workforces, including within organisations that are part of the supply chain. This helps support the Government's commitment to continuous naval shipbuilding and the Australia-United Kingdom-United States (AUKUS) NPS capability.

The NPS Program in Australia will support thousands of Australian jobs in the coming decades. The range of interventions proposed under the program builds on the activities outlined in the Government's *South Australian Defence Industry Workforce and Skills Report* and comprises a suite of fundamental initiatives that aim to increase entry-level participation in Vocational Education and Training (VET) and other training.

The program's initiatives aim to attract, recruit, develop, qualify and retain the industrial workforce and will commence from 2024-25. The initiatives will provide increased VET opportunities for those able to obtain and maintain an Australian Government security clearance and may include the following:

Non-Destructive Testing (NDT) Traineeships

Training and qualifying NDT Technicians requires significant lead times and cost, and this creates a risk to the NPS Program. The NDT Traineeships initiative would seek to grow the number of NDT Technicians in order to meet NSS and NPS industry demand.

The ASA has consulted with NDT companies in South Australia to understand the existing industry and requirements for upskilling. Additional consultation has occurred with United Kingdom (UK) and United States (US) counterparts to ensure that the training would meet not only Australian standards, but US certification requirements as well.

The NDT Traineeships initiative is expected to fund 60 positions over a four-year period. The number of available positions each year increases progressively from five in the first year to 20 in the final year. Funding will include salary, resources and tools, relocation allowance, group training organisation and certification costs.

Welding Aptitude Testing

The Welding Aptitude Testing initiative will use industry standard training facilities, techniques and processes to elevate the profile of welding and fabrication as a career option for workers considering a trade as part of their career. The initiative is expected to fund the cost of a one-week welding aptitude testing course for 100 students per year over four years from 2024-25, which includes group training organisation fees, course materials and VET administration fees.

Welding Bridging initiative

The Welding Bridging initiative will enable workers from adjacent industries, or semi-skilled workers in naval shipbuilding, to be trained in welding for the NPS Program and NSS industry.

Consultation for the training will occur with the relevant Jobs and Skills Councils (JSCs), the Department of Employment and Workplace Relations (DEWR) and industry (including the Sovereign Submarine Partners (SSPs) to ensure the initiative develops the skills relevant to NSS enterprise and the NPS Program).

The initiative is expected to fund 200 welding bridging positions (50 per year) over four years from 2024-25. Positions would be available to new recruits, existing workers in the industry and advanced apprentices.

Train the Trainer

The Train the Trainer initiative will leverage mechanisms established by the ASA to place industry personnel in relevant international skilling and experience opportunities that will help establish a framework for developing Australian trainers for the NPS Program.

This initiative was developed as a response to consultations with industry, Technical and Further Education (TAFE) networks, DEWR, JSCs and other relevant stakeholders.

The initiative is expected to provide for the placement of 20 Australian TAFE teachers over five years (five per year) from 2024-25 into training institutions related to AUKUS NPS and defence manufacturing in the US and the UK.

Shipbuilding Employment Pathway

The Shipbuilding Employment Pathway initiative seeks to emulate the apprenticeship models utilised by our AUKUS partners to provide targeted entry-level workforce supply into their NPS programs. It will employ apprentices, providing meaningful and relevant training and experiences specifically tailored to the NSS enterprise and the NPS Program.

The models will be co-designed with industry and would aim to attract and support key target groups such as women, culturally and linguistically diverse and First Nations people, and support their employment by small to medium enterprises.

Funding amount and arrangements, merits review and consultation

Funding of \$68.4 million for the program was included in the 2024-25 Budget under the measure ‘Nuclear-powered submarine program - workforce and supply chain investments’ for a period of seven years commencing in 2024-25. Details are set out in *Budget 2024-25, Budget Measures, Budget Paper No. 2* at pages 82-83.

Funding for this item will come from Program 2.16: Nuclear Powered Submarines, which is part of Outcome 2. Details are set out in the *Portfolio Budget Statements 2024-25, Budget Related Paper No. 2, Defence Portfolio* at page 83.

The program's initiatives will be contracted to industry providers (third party service providers) for development and delivery, including:

- registered training organisations (RTOs) (including TAFE);
- NSS industry; and
- group training organisations.

The tendering process for the administered activities will be competitive, with limited tenders considered where necessary due to bespoke expertise and in accordance with the Commonwealth resource management framework, including the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) and the *Commonwealth Procurement Rules* (CPRs).

Contracts will be managed by the ASA in alignment with policy authority for the program. Tender documentation will be made available on AusTender (www.tenders.gov.au) and where appropriate, advertised on the Industry Capability Network portal. The ASA will evaluate tender responses with an appropriately knowledgeable and suitable panel. The ASA will develop a panel to review tenders, based on the individual initiatives' requirements.

In line with the ASA policy, all final decisions about the Commonwealth expenditure for the program will be made by a delegate of the accountable authority (Senior Executive Service (SES) Band 1 or more senior SES official responsible for the ASA's workforce initiatives). The relevant delegate will possess the appropriate skills, qualifications and experience to exercise the power.

Funding for these initiatives will continue to sit within the Defence's IIP and be drawn on by ASA in paying purchase orders. Announcements and updates on the program's initiatives will be made available on the ASA's website.

Procurement decisions made in connection with the program are not considered suitable for independent merits review, as they are decisions relating to the allocation of a finite resource, from which all potential claims for a share of the resource cannot be met. In addition, any funding that has already been allocated would be affected if the original decision was overturned. The Administrative Review Council (ARC) has recognised that it is justifiable to exclude merits review in relation to decisions of this nature (see paragraphs 4.11 to 4.19 of the guide, *What decisions should be subject to merit review?* (ARC guide)).

The remaking of a procurement decision after entry into a contractual arrangement with a successful provider is legally complex, impractical, and could result in delays to providing services to the target audience. The *Government Procurement (Judicial Review) Act 2018* enables suppliers to challenge some procurement processes for alleged breaches of certain procurement rules. This review mechanism may provide an additional avenue of redress (compensation or injunction) for dissatisfied providers or potential providers, depending on the circumstances.

The initiatives in the program were developed in close collaboration with the South Australian State Government, industry, unions and registered training providers. To date, ASA has engaged in collaborative co-design for each initiative to be delivered through the program with these stakeholders, focusing on providers located in South Australia, yet extended consultations nationally (including South Metropolitan TAFE in Western Australia

and representatives of unions and industry). Broader engagement throughout 2023 aligned with the activities of the South Australian Defence Industry Workforce and Skills Taskforce, and the program was represented and presented across the Taskforce's engagements with industry. Co-design activities will continue as the ASA implements the initiatives detailed in the program.

Constitutional considerations

Noting that it is not a comprehensive statement of relevant constitutional considerations, the objective of the item references the defence power (section 51(vi)) of the Constitution.

Defence power

Section 51(vi) of the Constitution empowers the Parliament to make laws with respect to 'the naval and military defence' of the Commonwealth and States, and 'the control of forces to execute and maintain the laws of the Commonwealth.'

Funding for initiatives that are developed and delivered under the program will build Australia's NPS and NSS industrial workforce, for the purpose of ensuring Australia can meet its strategic defence objectives.

Table item 695 – Nuclear-Powered Submarines Program Technical Scholarships Initiative

New **table item 695** establishes legislative authority for government spending on the Nuclear-Powered Submarine (NPS) Program Technical Scholarships Initiative (the scholarships program).

Delivered by the ASA, the scholarships program emphasises the Government's focus on supporting the AUKUS Optimal Pathway and associated workforce development needs, particularly in Western Australia and South Australia. The scholarships program will address a gap in attracting and retaining candidates in the tertiary science, technology, engineering and mathematics (STEM) pipeline to support the NPS enterprise.

ASA will provide 3,000 scholarships of \$5,000 each (two-year stipends) across three intakes, to domestic students undertaking undergraduate degrees in priority STEM study areas to increase attraction and awareness of opportunities in the NPS enterprise workforce. The scholarships provide moderate, initial support to students undertaking studies, which help offset the cost of textbooks and other course costs.

Applicants are to meet eligibility criteria attesting that they are enrolled or enrolling as a domestic undergraduate student at an Australian university for the full length of the scholarship period; and their studies align with priority STEM areas in the year of application.

The scholarships program will create a steady increase of qualified graduates across key STEM fields and be a primary enabler for building the entry-level NPS technical workforce. The scholarships program aligns with broader investment being undertaken by the Government to increase the STEM workforce for the NPS enterprise, including through the NPS Student Pathways Program (additional 4,001 Commonwealth Supported Places (CSP)), Defence STEM Cadet and Graduate Programs, and the new Nuclear Graduate Program.

Funding amount and arrangements, merits review and consultation

Funding of \$16.3 million for the scholarships program was included in the 2024-25 Budget under the measure ‘Nuclear-Powered Submarine Program – workforce and supply chain investments’ for a period of six years commencing in 2024-25. Details are set out in *Budget 2024-25, Budget Measures, Budget Paper No. 2* at pages 82-83.

Funding for this item will come from Program 2.16: Nuclear-Powered Submarines, which is part of Outcome 2. Details are set out in the *Portfolio Budget Statements 2024/25, Budget Related Paper No. 1.4A, Defence Portfolio* at pages 48, 91 and 92.

The ASA will deliver the scholarships program through an open competitive grant process in accordance with the Commonwealth resource management framework, including the PGPA Act, the PGPA Rule and the *Commonwealth Grants Rule and Principles 2024* (CGRPs).

The scholarships would be administered through the Business Grants Hub within the Department of Industry, Science and Resources and are an independent initiative. These are not contingent or dependent on the 4,001 CSP that were previously allocated.

Grant opportunity guidelines will be developed in partnership with the Business Grants Hub to identify an appropriate delivery partner who will administer individual scholarships on behalf of the Government. This is consistent with previous Government programs, such as the ‘Boosting the Next Generation of Women in STEM’ scholarships, which is administered through the Business Grants Hub and delivered in partnership with the Australian Academy of Technological Sciences and Engineering.

The ASA will engage with key stakeholders, on the development of the program guidelines. The ASA will work closely with its chosen delivery partner to determine appropriate student eligibility criteria and provide a scope of eligible expenditure of scholarship funds. The delivery partner will administer the scholarship via a merit-based process on the ASA’s behalf. The program and grant opportunity guidelines for the students, including the eligibility criteria, will be developed in collaboration with the delivery partner.

The guidelines and outcome of the grant will be made publicly available on GrantConnect (help.grants.gov.au). The Minister for Defence or their delegate at the SES Band 2 or Australian Defence Force equivalent level will provide final approval for the delivery partner selected through the Business Grants Hub process. The ASA will provide a recommendation to support the Minister or their delegate’s decision to approve a grant under the *Financial Framework (Supplementary Powers) Act 1997*. The relevant delegate will possess the appropriate skills, qualifications and experience to exercise the power.

Merits review of decisions made in connection with the grant would not be considered appropriate because these decisions relate to the provision of a one-off grant to a certain service provider, over other service providers. The ARC has recognised that it is justifiable to exclude merits review in relation to decisions of this nature (see paragraphs 4.16 to 4.19 of the ARC guide). Decisions made in connection with the program are decisions relating to the allocation of a finite resource, from which all potential claims for a share of the resource cannot be met. In addition, any funding that has already been allocated would be affected if the original decision was overturned. However, the ASA will establish processes for dealing

with complaints and these will be followed in instances where applicants for funding are dissatisfied with the outcomes of funding rounds.

The ASA has engaged with the Western Australian and South Australian Governments, in addition to the higher education sector, on the need to provide early awareness of career opportunities available across the ASA and the NPS enterprise, including potential support for future work-integrated learning opportunities, and relevant connections to existing initiatives including the Defence STEM Cadet, Nuclear Graduate Program, and broader graduate employment. This engagement also resulted in feedback on challenges around financial pressures faced by tertiary STEM students that impacted progression and attainment of their degree.

The scholarships program draws on expertise from and through professional associations and higher education feedback on how to better attract and promote the employment opportunities and career pathways which are available.

Constitutional considerations

Noting that it is not a comprehensive statement of relevant constitutional considerations, the objective of the item references the social welfare power (section 51(xxiiiA)) of the Constitution.

Social welfare power

Section 51(xxiiiA) of the Constitution empowers the Parliament to make laws with respect to the provision of certain social welfare benefits including benefits to students.

The scholarships program supports students' involvement in studies and educational endeavours in STEM.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 3) Regulations 2024

This disallowable legislative instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the legislative instrument

Section 32B of the *Financial Framework (Supplementary Powers) Act 1997* (the FFSP Act) authorises the Commonwealth to make, vary and administer arrangements and grants specified in the *Financial Framework (Supplementary Powers) Regulations 1997* (the Principal Regulations) and to make, vary and administer arrangements and grants for the purposes of programs specified in the Regulations. Schedule 1AA and Schedule 1AB to the Principal Regulations specify the arrangements, grants and programs. The powers in the FFSP Act to make, vary or administer arrangements or grants may be exercised on behalf of the Commonwealth by Ministers and the accountable authorities of non-corporate Commonwealth entities, as defined under section 12 of the *Public Governance, Performance and Accountability Act 2013*.

The *Financial Framework (Supplementary Powers) Amendment (Defence Measures No. 3) Regulations 2024* (the Regulations) amend Schedule 1AB to the Principal Regulations to establish legislative authority for government spending on activities administered by the Australian Submarine Agency (ASA) within the Defence portfolio.

This disallowable legislative instrument adds the following table items to Part 4 of Schedule 1AB:

- table item 694 ‘Industrial Uplift—Workforce Initiatives’; and
- table item 695 ‘Nuclear-Powered Submarines Program Technical Scholarships Initiative’.

New table item 694 – Industrial Uplift—Workforce Initiatives

Table item 694 establishes legislative authority for government spending on the Industrial Uplift—Workforce Initiatives (the program).

The program aims to support the delivery of the Nuclear-Powered Submarines (NPS) Program by addressing identified and projected skills shortages impacting the future NPS and Naval Shipbuilding and Sustainment (NSS) enterprise industrial workforces, including within organisations that are part of the supply chain. These initiatives support the government’s commitment to continuous naval shipbuilding and the Australia-United Kingdom-United States (AUKUS) NPS capability.

Funding of \$68.4 million over seven years from 2024-25 will deliver initiatives designed to uplift the national industrial workforce that will deliver Australia's NPS and the NSS enterprise. The initiatives aim to increase entry-level and mid-career participation in the NPS and NSS workforce and upskill trainers delivering Vocational Education and Training courses. The industrial workforce needed to sustain all classes of ships and boats is already experiencing high demand, and this workforce will need to achieve significant growth to deliver Australia's sovereign NPS capability.

Human rights implications

Table item 694 engages the following rights:

- the right to education – Article 13 of the *International Covenant on Economic Social and Cultural Rights* (ICESCR), read with Article 2; and
- the right to work and rights in work – Articles 6, 7 and 8 of the ICESCR.

Right to education

Article 2 of the ICESCR requires State Parties to take steps to progressively achieve the full realisation of the rights recognised in the ICESCR by all appropriate means.

Article 13 of the ICESCR provides that States Parties to the ICESCR recognise the right of everyone to education and agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms.

To the extent that the right to education is engaged, the program's initiatives will provide incentives for those able to obtain and maintain an Australian Government security clearance to undertake further education in identified technical and vocational areas, as well as developing new, and enhancing existing, educational programs to increase the talent pool of required skills to meet the demands of the Australian NPS Program and the NSS enterprise.

The number of persons available to receive incentives for the further education identified is capped having regard to reasonable, proportionate and necessary constraints on public spending.

Right to work and rights in work

Article 6(1) of the ICESCR provides that States Parties recognise the right to work, which includes the right of everyone to the opportunity to gain their living by work they freely choose or accept, and will take appropriate steps to safeguard this right.

Article 7 of the ICESCR provides that States Parties recognise the right of everyone to the enjoyment of just and favourable conditions of work to ensure fair remuneration, safe and healthy working conditions, equal opportunity for promotion, and rest, leisure and reasonable limitation of working hours.

Article 8(1)(a) of the ICESCR provides that States parties undertake to ensure the right of everyone to form trade unions and join the trade union of his or her choice, subject only to the rules of the organisation concerned, for the promotion and protection of his or her economic and social interests.

To the extent that the right to work and rights in work are engaged, the program's initiatives will provide increased vocational and training opportunities for those able to obtain and maintain an Australian Government security clearance to undertake activities which are designed to promote employment that increases the size of the workforce required to meet the demands of the Australian NPS Program and the NSS enterprise.

The number of vocational and training opportunities is capped having regard to reasonable, proportionate and necessary constraints on public spending.

Table item 694 is compatible with human rights because it promotes the protection of human rights.

New table item 695 – Nuclear-Powered Submarines Program Technical Scholarships Initiative

Table item 695 establishes legislative authority for government spending on the Nuclear-Powered Submarines (NPS) Program Technical Scholarships Initiative (the scholarships program).

The scholarships program emphasises the Government's focus on supporting the AUKUS Optimal Pathway and associated workforce development needs, particularly in Western Australia and South Australia. The scholarships program is intended to address a gap in attracting and retaining candidates in the tertiary science, technology, engineering and mathematics (STEM) pipeline to support the NPS enterprise, particularly in Western Australia and South Australia.

Funding of \$16.3 million over six years from 2024-25 will allow ASA to provide 3,000 scholarships of \$5,000 each (two-year stipends) to domestic students undertaking undergraduate degrees in priority STEM study areas to increase attraction and awareness of opportunities in the NPS enterprise workforce.

The scholarships program will create a steady increase of qualified graduates across key STEM fields and be a primary enabler for building the entry-level NPS technical workforce. The scholarships program aligns with broader investment being undertaken by the Australian Government to increase the STEM workforce for the NPS enterprise, including through the NPS Student Pathways Program (additional 4,001 Commonwealth Supported Places), Defence STEM Cadet and Graduate Programs, and the new Nuclear Graduate Program.

Human rights implications

Table item 695 engages the following right:

- the right to education – Article 13 of the ICESCR, read with Article 2.

Right to education

Article 2 of the ICESCR requires State Parties to take steps to progressively achieve the full realisation of the rights recognised in the ICESCR by all appropriate means.

Article 13 provides that State Parties to the ICESCR recognise the right of everyone to education and agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms.

To the extent that the right to education is engaged, the scholarships program will provide further incentive and opportunity for domestic students to undertake their tertiary education in identified STEM areas and enhance access to education.

The number of scholarships is capped having regard to reasonable, proportionate and necessary constraints on public spending.

Table item 695 is compatible with human rights because it promotes the protection of human rights.

Conclusion

This disallowable legislative instrument is compatible with human rights because it promotes the protection of human rights.

**Senator the Hon Katy Gallagher
Minister for Finance**