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## SITTING DAYS—2011

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FORTY-THIRD PARLIAMENT
FIRST SESSION—FOURTH PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

House of Representatives Office holders
Speaker—Mr Harry Alfred Jenkins MP
Deputy Speaker—Hon. Peter Neil Slipper MP
Second Deputy Speaker—Hon. Bruce Craig Scott MP
Members of the Speaker’s Panel—Ms Anna Elizabeth Burke MP, Hon. Dick Godfrey Harry Adams MP, Ms Sharon Leah Bird MP, Mrs Yvette Maree D’Ath MP, Mr Steven Georganas MP, Ms Kirsten Fiona Livermore MP, Mr John Paul Murphy MP, Mr Peter Sid Sidebottom MP, Mr Kelvin John Thomson MP, Ms Maria Vamvakou MP

Leader of the House—Hon. Anthony Norman Albanese MP
Deputy Leader of the House—Hon. Stephen Francis Smith MP
Manager of Opposition Business—Hon. Christopher Maurice Pyne MP
Deputy Manager of Opposition Business—Mr Luke Hartsuyker MP

Party Leaders and Whips
Australian Labor Party
Leader—Hon. Julia Eileen Gillard MP
Deputy Leader—Hon. Wayne Maxwell Swan MP
Chief Government Whip—Hon. Joel Andrew Fitzgibbon MP
Government Whips—Ms Jill Griffiths Hall MP and Mr Ed Husic MP

Liberal Party of Australia
Leader—Hon. Anthony John Abbott MP
Deputy Leader—Hon. Julie Isabel Bishop MP
Chief Opposition Whip—Hon. Warren George Entsch MP
Opposition Whips—Mr Patrick Damien Secker MP and Ms Nola Bethwyn Marino MP

The Nationals
Leader—Hon. Warren Errol Truss MP
Chief Whip—Mr Mark Maclean Coulton MP
Whip—Mr Paul Christopher Neville MP

Printed by authority of the House of Representatives
## Members of the House of Representatives

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PARTY ABBREVIATIONS
ALP—Australian Labor Party; LP—Liberal Party of Australia; LNP—Liberal National Party; CLP—Country Liberal Party; Nats—The Nationals; NWA—The Nationals WA; Ind—Independent; AG—Australian Greens

Heads of Parliamentary Departments
Clerk of the Senate—R Laing
Clerk of the House of Representatives—B Wright
Secretary, Department of Parliamentary Services—A Thompson
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Minister for Social Inclusion
Hon. Tanya Plibersek MP
Minister for Privacy and Freedom of Information
Hon. Brendan O’Connor MP
Minister for Sport
Senator Hon. Mark Arbib
Special Minister of State for the Public Service and Integrity
Hon. Gary Gray AO, MP
Assistant Treasurer and Minister for Financial Services and Superannuation
Hon. Bill Shorten MP
Minister for Employment Participation and Childcare
Hon. Kate Ellis MP
Minister for Indigenous Employment and Economic Development
Senator Hon. Mark Arbib
Minister for Veterans’ Affairs and Minister for Defence Science and Personnel
Hon. Warren Snowdon MP
Minister for Defence Materiel
Hon. Jason Clare MP
Minister for Indigenous Health
Hon. Warren Snowdon MP
Minister for Mental Health and Ageing and Minister Assisting the Prime Minister on Mental Health Reform
Hon. Mark Butler MP
Minister for the Status of Women
Hon. Kate Ellis MP
Special Minister of State
Hon. Gary Gray AO, MP
Minister for Small Business
Senator Hon. Nick Sherry
Minister for Home Affairs and Minister for Justice
Hon. Brendan O’Connor MP
Minister for Human Services
Hon. Tanya Plibersek MP
Cabinet Secretary
Hon. Mark Dreyfus QC, MP
Parliamentary Secretary to the Prime Minister
Senator Hon. Kate Lundy
Parliamentary Secretary to the Treasurer
Hon. David Bradbury MP
Parliamentary Secretary for School Education and Workplace Relations
Senator Hon. Jacinta Collins
Minister Assisting the Prime Minister on Digital Productivity
Senator Hon. Stephen Conroy
Parliamentary Secretary for Trade
Hon. Justine Elliot MP
Parliamentary Secretary for Pacific Island Affairs
Hon. Richard Marles MP
Parliamentary Secretary for Defence
Senator Hon. David Feeney
Parliamentary Secretary for Immigration and Multicultural Affairs
Senator Hon. Kate Lundy
Parliamentary Secretary for Infrastructure and Transport and Parliamentary Secretary for Health and Ageing
Hon. Catherine King MP
Parliamentary Secretary for Disabilities and Carers
Senator Hon. Jan McLucas
Parliamentary Secretary for Community Services
Hon. Julie Collins MP
Parliamentary Secretary for Sustainability and Urban Water
Senator Hon. Don Farrell
Minister Assisting on Deregulation and Public Sector Superannuation
Senator Hon. Nick Sherry
Minister Assisting the Attorney-General on Queensland Floods Recovery
Senator Hon. Joe Ludwig
Parliamentary Secretary for Agriculture, Fisheries and Forestry
Hon. Dr Mike Kelly AM, MP
Minister Assisting the Minister for Tourism
Senator Hon. Nick Sherry
Parliamentary Secretary for Climate Change and Energy Efficiency
Hon. Mark Dreyfus QC, MP
SHADOW MINISTRY

Leader of the Opposition

Deputy Leader of the Opposition and Shadow Minister for Foreign Affairs and Shadow Minister for Trade

Leader of the Nationals and Shadow Minister for Infrastructure and Transport

Leader of the Opposition in the Senate and Shadow Minister for Employment and Workplace Relations

Deputy Leader of the Opposition in the Senate and Shadow Attorney-General and Shadow Minister for the Arts

Shadow Treasurer

Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House

Shadow Minister for Indigenous Affairs and Deputy Leader of the Nationals

Shadow Minister for Regional Development, Local Government and Water and Leader of the Nationals in the Senate

Shadow Minister for Finance, Deregulation and Debt Reduction and Chairman, Coalition Policy Development Committee

Shadow Minister for Energy and Resources

Shadow Minister for Defence

Shadow Minister for Communications and Broadband

Shadow Minister for Health and Ageing

Shadow Minister for Families, Housing and Human Services

Shadow Minister for Climate Action, Environment and Heritage

Shadow Minister for Productivity and Population and Shadow Minister for Immigration and Citizenship

Shadow Minister for Innovation, Industry and Science

Shadow Minister for Agriculture and Food Security

Shadow Minister for Small Business, Competition Policy and Consumer Affairs

Hon. Tony Abbott MP

Hon. Julie Bishop MP

Hon. Warren Truss MP

Senator Hon. Eric Abetz

Senator Hon. George Brandis SC

Hon. Joe Hockey MP

Hon. Christopher Pyne MP

Senator Hon. Nigel Scullion

Senator Barnaby Joyce

Hon. Andrew Robb AO, MP

Hon. Ian Macfarlane MP

Senator Hon. David Johnston

Hon. Malcolm Turnbull MP

Hon. Peter Dutton MP

Hon. Kevin Andrews MP

Hon. Greg Hunt MP

Mr Scott Morrison MP

Mrs Sophie Mirabella MP

Hon. John Cobb MP

Hon. Bruce Billson MP

[The above constitute the shadow cabinet]
SHADOW MINISTRY—continued

Shadow Minister for Employment Participation
Hon. Sussan Ley MP

Shadow Minister for Justice, Customs and Border Protection
Mr Michael Keenan MP

Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation
Senator Mathias Cormann

Shadow Minister for Childcare and Early Childhood Learning
Hon. Sussan Ley MP

Shadow Minister for Universities and Research
Senator Hon. Brett Mason

Shadow Minister for Youth and Sport and Deputy Manager of Opposition Business in the House
Mr Luke Hartsuyker MP

Shadow Minister for Indigenous Development and Employment
Senator Marise Payne

Shadow Minister for Regional Development
Hon. Bob Baldwin MP

Shadow Special Minister of State
Hon. Bronwyn Bishop MP

Shadow Minister for COAG
Senator Marise Payne

Shadow Minister for Tourism
Hon. Bob Baldwin MP

Shadow Minister for Defence Science, Technology and Personnel
Mr Stuart Robert MP

Shadow Minister for Veterans’ Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC
Senator Hon. Michael Ronaldson

Shadow Minister for Regional Communications
Mr Luke Hartsuyker MP

Shadow Minister for Ageing and Shadow Minister for Mental Health
Senator Concetta Fierravanti-Wells

Shadow Minister for Seniors
Hon. Bronwyn Bishop MP

Shadow Minister for Disabilities, Carers and the Voluntary Sector and Manager of Opposition Business in the Senate
Senator Mitch Fifield

Shadow Minister for Housing
Senator Marise Payne

Chairman, Scrutiny of Government Waste Committee
Mr Jamie Briggs MP

Shadow Cabinet Secretary
Hon. Philip Ruddock MP

Shadow Parliamentary Secretary Assisting the Leader of the Opposition
Senator Cory Bernardi

Shadow Parliamentary Secretary for International Development Assistance
Hon. Teresa Gambaro MP

Shadow Parliamentary Secretary for Roads and Regional Transport
Mr Darren Chester MP

Shadow Parliamentary Secretary to the Shadow Attorney-General
Senator Gary Humphries

Shadow Parliamentary Secretary for Tax Reform and Deputy Chairman, Coalition Policy Development Committee
Hon. Tony Smith MP

Shadow Parliamentary Secretary for Regional Education
Senator Fiona Nash

Shadow Parliamentary Secretary for Northern and Remote Australia
Senator Hon. Ian Macdonald

Shadow Parliamentary Secretary for Local Government
Mr Don Randall MP

Shadow Parliamentary Secretary for the Murray-Darling Basin
Senator Simon Birmingham

Shadow Parliamentary Secretary for Defence Materiel
Senator Gary Humphries

Shadow Parliamentary Secretary for the Defence Force and Defence Support
Senator Hon. Ian Macdonald
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<td>Mr Andrew Laming MP</td>
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<tr>
<td>Shadow Parliamentary Secretary for Supporting Families</td>
<td>Senator Cory Bernardi</td>
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<tr>
<td>Shadow Parliamentary Secretary for the Status of Women</td>
<td>Senator Michaelia Cash</td>
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<td>Shadow Parliamentary Secretary for Environment</td>
<td>Senator Simon Birmingham</td>
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<td>Shadow Parliamentary Secretary for Citizenship and Settlement</td>
<td>Hon. Teresa Gambaro MP</td>
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<td>Shadow Parliamentary Secretary for Innovation, Industry, and</td>
<td>Senator Hon. Richard Colbeck</td>
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<td>Senator Hon. Richard Colbeck</td>
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<td>Shadow Parliamentary Secretary for Small Business and Fair</td>
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Tuesday, 22 November 2011

The SPEAKER (Mr Harry Jenkins) took the chair at 09:00, made an acknowledgement of country and read prayers.

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Minerals Resource Rent Tax (Imposition—General) Bill 2011
Minerals Resource Rent Tax (Imposition—Customs) Bill 2011
Minerals Resource Rent Tax (Imposition—Excise) Bill 2011
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Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011
Superannuation Guarantee (Administration) Amendment Bill 2011

Second Reading
Cognate debate.
Debate resumed on the motion:
That this bill be now read a second time.

Mrs MIRABELLA (Indi) (09:01): I rise today to speak on the Minerals Resource Rent Tax Bill 2011 and associated bills. I start with some words that appear to be rather wise. They were said at a keynote address to a CEDA convention in Perth last year:

There are two broad possible policy responses to the problems created by a two-speed economy: slow down the speeding sector; or reduce the impediments to the movement of capital and people from the lagging sectors to the leading sectors.

Slowing down the development of Australia’s mining and energy resource industries would be a scandalous wasted opportunity to lock in future prosperity and achieve social and environmental goals such as supporting school students in disadvantaged communities, Australians with disabilities, those with mental illnesses and others who are too sick to work, and preserving Australia’s unique biological diversity.

Easing the constraints on our mining and energy resource industries is by far the better way to go.

These words, believe it or not, came from none other than the Minister for Trade, Mr Emerson, on 29 April 2010—just three days before the government announced the mining tax. So not only does the Prime Minister not talk to her Minister for Foreign Affairs but also, on such an important policy as this, obviously the trade minister was left in the dark. I normally do not agree with the trade minister—indeed on many things he just gets it plain wrong factually—but on this occasion his analysis is spot-on and I could not agree with him more. We cannot address the structural challenges that face our economy by tying a lead weight to the sector that is driving growth, creating prosperity and shielding Australia, to a certain degree, from international economic turmoil.

This mining tax really bears the hallmark of absolute Labor incompetence. After commissioning a so-called root-and-branch review of the tax system, the government was presented with no fewer than 138
recommendations, of which only 2½ were adopted. It is hardly surprising that a massive new tax was one of those. I can just imagine the former Prime Minister and the Treasurer drooling with delight at the thought of a huge new tax. You have to wonder what they were thinking. Were they thinking, 'Imagine how many pink batts, school halls and digital set-top boxes we can buy with all this extra money,' or were they thinking about what programs could replace those ones with the same degree of incompetence and mismanagement?

Make no mistake: this tax will inflict enormous damage on Australia's most productive industry. There are two fundamental myths that Labor likes to propagate when it talks about this tax. The first is that the mining industry does not pay enough tax and that a profits based tax is required. To begin with, the mining industry currently pays state based royalties as well as company tax. A company tax is, in effect, a profits based tax. So let us dispel that myth straightaway.

In a desperate attempt to wage some type of class war on the industry, the Labor Party made the absolutely extraordinary claim that the Australian miners are only paying around 13 to 17 per cent tax. Not only is this not true but also it exemplifies the astonishing lengths that those opposite will go to in order to demonise anyone who stands in their way. The mining industry currently pays state based royalties as well as company tax. A company tax is, in effect, a profits based tax. So let us dispel that myth straightaway.

Perhaps this tax is an attempt by this Prime Minister to return to the so-called glory days of the Hawke government, when big government, big business and big unions ran the country. Remember what happened under that regime. Real wages actually went backwards. It was the powerful and the mighty deciding policy for Australia. This tax locks out the smaller and medium-sized companies which have the excitement, the enthusiasm and the drive to add to the productive output of the very important mining sector. You have to wonder. In her desperation, the Prime Minister just talks to the big boys, locks them in and creates a system of exclusion and penalty for smaller miners.

The legislation in front of us today is a result of a very bad deal that the government cut with the big players such as BHP, Rio Tinto and Xstrata. The words of Fortescue boss Andrew Forrest, a man who has had ties to the Labor Party and to other political parties, were that the MRRT is 'the bastard child of the RSPT'. He said that it is the bastard child of a tax which was ill thought out and so hideously complicated in the first place. They are very concise words from Mr Forrest. This tax will make Australia one of the most expensive places on earth to invest in the mining sector at a time when other nations are doing everything possible to reduce the constraints in their countries so that they can ride the wave of demand for mineral resources, primarily in China and India.

Our competitors are doing everything they can to foster supply, and this tax does the exact opposite. It is hard to forget the excitement of the Canadian Prime Minister on the day that the first version of the mining tax was announced, isn't it? He could not believe that any government would so deliberately shoot themselves in the foot when faced with such extraordinary opportunities for growth and for increasing living standards and the economic prosperity of its people. This tax is not a win for...
Australians; it is a win for Australia's competitors. As if the carbon tax were not enough in adding an extra burden to Australian industry, we now have another tax.

Over many months I have had the pleasure of meeting with representatives of many of Australia's mining companies and associated companies which support and supply the mining sectors, and I am told by many of them that this tax is going to create a disincentive to engage in exploration in Australia—to engage in mining activities in Australia—and that many other, developing, countries are becoming more and more attractive. The advantage we had of certainty of government policy, a stable political environment and a stable political system has been challenged by this brave new minority government, and the uncertainty and instability created by the shambolic way in which this government approaches policy are now making some of these developing countries, where certainty of government policy and stability leave a lot to be desired, actually look attractive. You have to wonder how bad this government's approach has been to the formulation of policy on mining and to the mining tax in particular.

I am told that a recent international survey on the attractiveness of investing in the mining industry gave Botswana a better rating than Australia. This is not to denigrate Botswana, but one would have thought that Australia, with its extraordinary history of mining and its extensive legislation and regulation in the area, would have come up higher on the list than Botswana. That in itself speaks volumes.

The second myth that needs to be dispelled is that the mining tax will fund an increase in superannuation from nine per cent to 12 per cent. This is not true—it is a myth that has been spread by first-class propagandists sitting opposite. The increase in compulsory superannuation contributions is going to be paid exclusively by employers, not by this tax. Let us be clear about it, because the decision to increase the compulsory superannuation will mean that employers will have to pay this additional cost, and no additional money will be given to employers from the mining tax to pay for this additional superannuation contribution. It is an extraordinary attempt at doublespeak: to try to repeat an untruth often enough and expect it to become conventional wisdom and accepted truth.

This is a classic Labor tax. It is a tax that will be used to fund the profligate spending habits of a grossly incompetent government which, some would say—increasingly so and in a louder voices and in bigger numbers—is the worst government we have seen since the creation of this nation. It is a tax with which the government engaged in shameless class warfare, and it is a tax that has been partly responsible for claiming the career of one Prime Minister. The process the government has taken to get to where we are exemplifies absolutely everything that is wrong with this government. When it was proposed, the tax was picked out of 138 other recommendations and substantially altered against the advice of Treasury. It has been widely condemned by industry as ill-conceived, ill-devised and hideously complex. It was the subject of a $38 million government advertising campaign which was only approved under the government's own guidelines because they considered it to be—guess what?—a national emergency.

I wish the government was as quick to act in a national emergency in parts of the country where there are national disasters. Covering a rural and regional electorate covering much of the alpine country in north-east Victoria, I understand the frustration of governments at all levels when
there is no quick action in a national emergency.

They have absolutely no shame in wasting $38 million in a 'national emergency'—an emergency for the Labor Party to survive politically—and throwing away as much money as possible. But when the $38 million propaganda campaign did not work, they panicked and assassinated their first-term Prime Minister. It has been complete shemozzle, a total disgrace and an utter embarrassment.

Adam Smith once said that countries should focus on what they produce best and trade with other nations. The mining and resources industry in this country is an example of one of the things that we do best. We should not be taxing it out of existence; we should be doing everything we can to facilitate its growth. We are talking about an industry that accounts for about seven per cent of GDP, upwards of 20 per cent of national investment and more than 50 per cent of Australia's exports of goods and services. This is an industry that employs thousands of people and contributes greatly to Australia's prosperity.

Having listened to the contributions of those opposite, it is clear to me that either they just do not get it or the political survival of their Prime Minister is more important than the national interest. Despite the fact that these companies are making profits, those opposite personally attack mining bosses as some kind of outlaws and do their best to paint the industry as plunderers and pillagers who would destroy our country. It is an irresponsible and disgraceful approach to policy debate. They neglect to mention the incredible contribution that this industry makes to our economy and the benefits that already flow to all Australians.

This is a bad tax and I have no hesitation in opposing it, which is the only decent thing to do in the national interest. I look forward to working with my colleagues to repeal it should we win the trust and support of the people and therefore be given the chance to repeal the tax in government.

Mr OAKESHOTT (Lyne) (09:16): Australia has abundant non-renewable resources which are expected to continue to command high prices driven by demand, particularly from China and India. The community, through the Australian and state governments, owns rights to Australia's non-renewable resources and should seek an appropriate return from allowing private firms to exploit these resources. Current charging arrangements fail to collect a sufficient return for the community because the arrangements are unresponsive to profits. Further, the current arrangements distort investment and production decisions, thereby lowering the community's return from its resources.

The current arrangements should be replaced with a uniform, rent based resource tax using the allowance for corporate capital method. The tax should be imposed and administered by the Australian government. A rent based tax would over time earn a greater return for the community from the use of its resources while still attracting private investment. Such a tax would also require the government to accept a greater share of the risks than it currently bears.

To complement the resource rent tax a cash bidding system should be introduced to allocate exploration permits. Australian and state government fees and stamp duties on the transfer of interest in resource projects inhibit the efficient transfer of such interests and should, except for those related to administrative costs, be abolished. The Australian and state governments should negotiate an appropriate intergovernmental allocation of the revenues and risk from the
resource rent tax. Those are not my words; they are the words of Ken Henry and the Henry tax review of 2009-10. At the time, I supported that recommendation and I continue to agree with it now.

The journey over the last couple of years of implementing the changes needed to develop the concept of the tax into practice has been an ugly one, to say the least. I pick up on the words of the former speaker: we have seen multimillion dollar advertising campaigns and political leadership change all wrapped up in a number of reforms but largely shaped around trying to turn this concept into a political reality. This week I hope we do. I hope this country now takes the recommendation of Ken Henry from 2008-09 and turns it into another step along the way to comprehensive tax reform for a better standard of living for all Australians over the next 40 to 50 years.

A number of considerations were involved in my conversations with government over the last month about the eight bills before the House, which I understand will be voted on tomorrow. The priority for me has been staying true to the comprehensive tax reform package of Henry and others and ensuring that government, at the same time as it introduces the resource rent tax and the efficiencies that go with it, does not give up the game on trying to engage the states in the parallel conversation and work of reducing and, where possible, eliminating bad state taxes. State based royalties are among those in question, and they are at the heart of Ken Henry's recommendations.

I am pleased that through the conversations with government we have seen some further work on state tax reform. As was released yesterday, we will see a referral to the Brumby-Greiner-Carter GST review to look at—and, hopefully, make strong recommendations on—the issue of how the states can be incentivised to participate in comprehensive tax reform for Australia rather than preserve existing blocks in the system, such as horizontal fiscal equalisation and the Commonwealth Grants Commission process and the agreements struck previously around GST distributions.

These work as disincentives to comprehensive tax reform and create an ugly and inefficient game between the Commonwealth and the states in which there is fake rage about states' rights when in reality what is being argued for is inefficiency in taxation for all Australians at the expense of efficiency of taxation for all Australians.

So I am pleased that that referral has been made. I look forward to some strong recommendations from former premiers of both political persuasions. I understand that John Brumby and Nick Greiner will be making their initial recommendations in February. I hope that as a consequence of that we will see the start of some real engagement between the two levels of government on comprehensive tax reform for a better standard of living for all of us. At the same time, when any new tax is being talked about, I, like many, look for the taxes that will be removed. In looking at the eight bills that will be voted on tomorrow, it would be remiss of all of us if we did not look in detail at what taxes will be removed and what benefits will be gained as a consequence of this tax.

The entrepreneurs tax offset will be increased—there will be a 600 per cent increase, from $1,000 to $6,500, in the instant asset write-off for small business. This will mean, I think, a substantial benefit for communities on the mid North Coast and, I am sure, for many communities around Australia. Also of interest is the removal of the low-income contributions tax for
superannuation for anyone earning under $37,000 a year. That will add about $500 a year to the retirement savings of the people directly affected. If we are the welfare capitalist state that we claim to be, we will see that as necessary, fair, equitable and just tax reform for a better community for all.

Also, the superannuation guarantee generally will, over time, be lifted from nine to 12 per cent. In following the debate on the superannuation guarantee over a long period I have been in the camp of those who supported 15 per cent as the goal. I was persuaded on this position by those who say that, if we are serious about having a sustainable retirement savings structure for the future of Australia, given its demographics—the ageing bubble that is coming through—the figure of 15 per cent is the one that will deliver. I will be interested to hear from those who try to argue otherwise, either through the argument that it is too much of a load on the business community to go from nine to 15 per cent or the argument that the future model for Australia will be a continuation of a public pension scheme alongside a private retirement scheme based around superannuation contributions over a lifetime of work. But I do not think we have had that conversation in detail to date—the debate on the question of the future retirement savings we are trying to build in the face of the coming ageing bubble does not seem to have gone into much depth. I look forward to that debate happening in detail in this parliament alongside the present debate, which seems to be focused specifically on a mining tax and not much else.

I also welcome the one per cent reduction in company tax—it is small, but it is a start—as well as reductions that will, I understand, be introduced into the parliament sometime soon to create some further cuts in personal income tax. Both of those changes are welcome.

So it is wrong to just say that the mining tax is another tax on the top of many other taxes. There will be one in, but there will be more than one out—probably three or four taxes are going. There will be a lifting of the threshold for small business at the same time as an efficient resource rent tax is introduced as part of comprehensive tax reform which goes back to the Henry tax review.

I am in the camp which says that efficiency and a profits-based mechanism is good while inefficiency and a non-profits-based mechanism is bad. This is not a states-versus-Commonwealth argument; it is an argument about efficiency versus inefficiency. Therefore, I think this is a sensible move. This tax is the first of the substantial taxes in this parliament which I have supported. I did not support the flood levy. I thought existing consolidated revenue should be in place to deal with natural disasters in a country where natural disasters happen on a yearly basis, and I thought our existing tax base should reflect that. I do not think one-offs are the way to go. I did not—and still do not—support a carbon tax, even though the argument that I do seems to have entered the language of the mythology of the day. I support an emissions trading scheme and always have, alongside the Henry tax review recommendation to do exactly that. I do so based on science and economics.

So, of the substantial tax reforms that are coming down the line, this is the first one that I will be supporting. I will do so based on the fact that some work is being done at the same time to remove other taxes. I will do so on the grounds that this tax part of an exercise of comprehensive tax reform and of engaging the states in future reform throughout 2012.
It is very unlikely that I will support any amendment that would lessen either the base or the rate of the mining tax; I am in the camp that is in favour of broadening the base and increasing the rate. I think we will see that, over the next 10 or 20 years, governments of any political persuasion will see that the opportunity presented by this tax for profits-based, efficient taxation is the sensible way forward.

Over the next 10 to 20 years we will see at some point the Commonwealth and the states engage in sensible conversations—and a deal—on how to lessen bad state taxes and engage in a broadening of the use of more efficient taxes, and I think this is the start of the journey. Whilst I have not seen any of the amendments from any of my crossbench colleagues or anyone else in the building, I think it is unlikely that I will be supporting anything from the member for Denison or from the member of O'Connor, and I will have a good look at any measures that the member for Melbourne proposes in order to broaden the base of the tax.

I thank many people for their conversations with me through this journey. In particular I thank Twiggy Forrest, who is a bit of a whipping boy of the government—and especially of the Treasurer—at the moment. Even though I might not agree with his arguments of the day, I find him an engaging bloke and I do not think it is right for government to play the man and not the ball. Fundamentally, my position is based on the judgment call that I am accepting Treasury modelling over Twiggy modelling. That does not mean I do not like the man, and it does not mean I do not think he or his company is a contributor to Australian entrepreneurship and society. The government should keep the focus on policy rather than on individuals, and I think that the government has dropped the ball and started to play the man over the last month in trying to win the political argument about the mining tax. But within the bounds of terms of trade, exchange rates, the profits of companies and market-versus-historical considerations on the value of mining assets, I am willing to back Treasury modelling that the big three will be paying in the first three years. It is a judgment call, and I think it is going to be right. Therefore I think this tax is a sensible reform for a better tax system for the future. *(Time expired)*

Mr VAN MANEN (Forde) (09:31): It is with much sadness that I stand in this House while it debates another new tax, the latest in a line of taxes over the last four years that continue to erode confidence in the economy of this great nation. The tax, spend and borrow philosophy finds its latest incarnation in the 11 bills being debated here today. The mining tax is another bad tax from a desperate and directionless government whose only solution to the chasm of debt and deficit created by its prolific spending is to introduce new taxes or increase existing taxes. It reminds me of a song by our one and only Peter Allen. The title of the song, *Everything that is old is new again*, is very apt at present, and it appears to be the only jig that this government knows. As can be expected, this government has not put much thought into the introduction of this new tax at all. It is a tax hatched in secrecy. It is another tax from a government grasping at straws. It is just another of their optimism attempts at a money grab rather than a comprehensive review of our Australian taxation system. They got it from the Henry report, yet they were prepared to implement only two or three out of the 130-odd recommendations in the report.

The minerals resource rent tax, coupled with the carbon tax, will make the mining industry in Australia one of the highest taxed mining industries in the world and make it more difficult for our mining companies to
raise new capital and compete internationally. Our international competitors who compete with us to supply iron ore and coal to China are already on the record as saying that they will review their prices to seek to erode Australia’s market share, yet our own government is still pursuing the proposal of introducing a new tax which will weaken our competitive advantage. This tax resulted from an agreement that at the end of the day was made by the Gillard government with only three of the many players in the mining industry. There was no consultation with our smaller mining entities, and this lack of a consultative approach has angered many. The frantic rush to push through this new tax and patch gaping holes in the tax design is done only to ensure that it is well and truly pushed through before any future election.

This government constantly bungles many of the things that it introduces or tries to introduce, and this mining resource rent tax is no different. I think that probably we are up to version 3 at this point, after starting with the RSPT. James Gwartney and Richard Stroup, as outlined in their paper ‘Transfers, Equality, and the Limits of Public Policy’, make the following point:

The proposition that transfer policies promote the welfare of targeted groups is generally accepted. Taxes, transfers, and regulatory policies are perceived to be adjustment levers available to fine-tune the economic machine that grinds out goods and services. If we do not like the allocation of economic benefits, corrective action can be undertaken by moving the levers via the political process.

They point out that this is a naïve view of the transfer society and add:

Taxpayers and transfer recipients are human beings—

or, in the case of our present discussion, companies—

not sheep who can be shorn at will, their wool automatically growing back for the next shearing season. People—or companies—will adjust their actions for individual advantage, in response to governmental changes in the rules of the game. Similarly, since the political process, like the market, results from individual choices, it may or may not yield its stated goals. Thus, it is not obvious that income transfers emanating from the political process will promote economic equality or even help the targeted groups.

As I noted earlier, this tax is a bad tax and, no matter its popularity, the MRRT is shockingly bad policy. It has come out of a deeply flawed process. There was no consultation with state or territory governments despite serious implications for their own source revenue. The government should negotiate with the states on federal-state financial relations to simplify the tax system, and the member for Lyne made a good point about that. But the government does not have the ticker or the fortitude to engage with the states to do the hard yards on genuine tax reform, so it has come up with various workarounds. The end result has been to make the system more complex and messy than it needs to be. The MRRT and the expanded PRRT have been negotiated exclusively with the three biggest miners—BHP, Rio Tinto and Xstrata—to the exclusion of all others. As Henry Ergas pointed out in his article in the Australian on 18 November:

... in terms of distribution of costs and benefits, the MRRT is like the carbon tax in reverse: the carbon tax imposes a hidden slug on the many to benefit a handful of Greens and a gaggle of their cronies; the MRRT taxes the few to finance highly visible giveaways to the many. For a government addicted to raising taxes, that is as good as it gets.

As Thomas Aquinas said, the ‘argument from authority based on human reason is the weakest’ form of argument, always liable to
logical refutation—and the coalition vigorously refutes the need for an MRRT.

There are some long-term consequences which I do not believe have been discussed or touched on. We need to look at the negative effect that these new and increased taxes will have on company profits. The consequence of reduced company profits is that companies will have lower dividends, and a flow-on consequence of that is that they will have lower share prices. Whilst a component of the legislation is to increase super contributions over the next six or so years from nine per cent to 12 per cent, bringing a magic nirvana from this vast accrual of new superannuation benefits, what gets overlooked in this discussion is that a significant component of people's superannuation funds are invested in the very mining companies which are being penalised under the MRRT and the carbon tax and any of the other taxes the government has increased. The consequence of that will be lower profits and lower dividends and so less of a return to members' superannuation funds. It is another one of the government's wonderful pea-and-thimble tricks: they give with one hand and they take with the other.

Another consequence of the MRRT is that the risk premium for new projects has increased significantly, thereby reducing the attractiveness of these projects for the mining sector in general. It brings into question whether these riskier projects will now even be undertaken. In particular, it will have a significant detrimental effect on the smaller miners, as they generally depend on the riskier projects to a greater extent and are the ones prepared to take those risks. As Henry Ergas pointed out:

… the MRRT is a tax on precisely the kind of entrepreneurship that has underpinned Australia's high living standards: the entrepreneurship involved in pioneering new uses of our natural resources.

In his calculations, he estimates that for the higher risk projects the cost of this tax could be in the order of 70 per cent. What is the economic benefit or incentive to pursue these riskier projects when there is such a high tax consequence? Hugh Morgan, former president of the Business Council of Australia and former Western Mining boss, is reported to have said that the minerals resource rent tax is flawed and accused the government of 'pork-barrelling'. The government's so-called masterful magical model is, as I said earlier, just another of their pea-and-thimble tricks—nothing more than a confidence trick, giving with one hand and taking with the other.

The minerals resource rent tax remains a deeply flawed tax, no matter how many amendments are brought forward by members in this House, and it will have a detrimental effect on the resource sector. The resource sector is the primary driver of our economy at present, so, as the consequences flow through to the mining sector, the tax will affect other areas of our economy which benefit from what the mining sector brings to us at present.

In conclusion, I refer again to the paper 'Transfers, Equality and the Limits of Public Policy' in which James Gwartney and Richard Stroup stated:

The impact of transfers on economic equality and poverty is far more complex than most people realize. It is not obvious that the political process will yield egalitarian transfers. And, even when it does, the net egalitarian impact may well be quite modest. Since annual income is a highly imperfect measure of economic status …

We have seen that over many years in the mining industry, with the vagaries of international commodity prices, the consequence, Gwartney and Stroup said, is that 'some slippage can be expected'. Yet this does not appear to have been built into any of the modelling. They went on to say:
Predictably, market adjustments will erode some of the redistributive effects of egalitarian transfers. An expansion in transfers of any variety will encourage rent seeking and higher marginal taxes, both of which will retard aggregate output.

In a struggling global economy struggling, this is the last thing we need in this country.

The coalition opposes the mining tax and has done so since it was first unveiled by the former Prime Minister. And now, in this final week of parliament, we are onto version 3. The coalition will still oppose it because it is bad tax and it is bad policy. It is bad for jobs, it is bad for investment and it is bad for the future of this nation.

Mr SYMON (Deakin) (09:45): I speak in support of the Minerals Resource Rent Tax Bill 2011 and related bills, including the Superannuation Guarantee (Administration) Bill 2011. The MRRT is a tax on the economic rents miners make from some of Australia's mineral resources—specifically, iron ore and coal. It will be applied at a rate of 25 per cent to all new and existing iron ore and coal projects. An extraction allowance of 25 per cent recognises the miners' use of specialist skills in the extraction of these resources. Companies with MRRT profits of less than $75 million a year will not pay the tax and miners with profits of between $75 million and $125 million will benefit from a partial reduction in their liability. Small miners investing to grow will also benefit from the immediate deductibility of upstream capital investments and will only pay the MRRT after a project has made enough profit to pay off these upfront investments.

The MRRT is being introduced in an era when the mining industry has been receiving historically high prices for Australia's resources. When you look at the trends and the movements in these prices it is quite extraordinary. For example, in September this year the price of iron ore was $177 per metric tonne; 10 years ago, I am told, the price was $12 a tonne. As recently as December 2007 the price was $36 a tonne. This massive increase in the price of iron ore has sent company profits through the roof. The net profit margin on iron ore to December 2010 was an astounding 48 per cent compared to an across-the-economy average profit margin for business of around eight per cent.

When you look at the effect this price rise has had on mining company revenues the figures again tell the story. In the six years to 2010 gross mining profits have risen around 250 per cent—from $25 billion to $88 billion. As an example, BHP Billiton made a profit of $4 billion in 2001 but 10 years later, in 2011, the company made a $22.5 billion profit. Only four companies in the world have ever made so much profit in a single year; the other three were multinational oil companies. And BHP Billiton produces oil as well.

The MRRT is designed to ensure that the massive wealth being generated by the sale of minerals such as iron ore does not go just to the private companies that mine the resource. Large miners, especially the two largest miners in Australia, have substantial foreign ownership. That means much of the record profit is actually heading overseas. And local miners are also gaining record profits from the sale of minerals. Gina Rinehart, the sole owner of Hancock Prospecting, is now Australia's wealthiest person. She is personally worth US$9 billion. And her fortune, made from the mineral resources of Australians, has climbed from US$2 billion to US$9 billion in the past 12 months alone. That is a US$7 billion jump in her net worth in one single year. In June 2011 Citigroup estimated that she is on course to become the richest person in the world. On this trajectory Citigroup expect her to overtake Carlos Slim, the
Mexican magnate worth US$74 billion, and Bill Gates, worth US$56 billion, mainly because she owns her company outright. To quote Citigroup: 'It is possible to see Rinehart's portfolio of coal and iron ore production spinning off annual profits approaching US$10 billion, giving her a personal net worth valuation of more than US$100 billion.' On current projections, that will soon make her the richest person in the world.

Gina Reinhart has been very outspoken about the MRRT, speaking publically on the issue at every opportunity. In a recent article in the Australian Resources and Investment magazine, she talked of the need to attend rallies against the MRRT and to write to your local MP to oppose the MRRT. But I do not buy the story of a poor billionaire standing on the back of a ute whingeing that they pay too much tax. If anything, behaviour such as that should lead to the question of why there isn't a super tax on billionaires in this country.

Gina Reinhart also talked about the importance of slashing 'time and money wasting approvals permits and licences' and the urgent need to import short-term guest labour from Asia and India. Whilst people like Gina Reinhart gobble up Australia's minerals and grow ever-fatter profits, most of this bounty does not find its way to the ultimate owners of these resources, the people of the states and territories of Australia. I can only imagine that her passion and fight to halt the MRRT boils down to the impact it will have on her trajectory to becoming the richest woman in the world.

Another local beneficiary of the mining boom is Andrew 'Twiggy' Forrest, from Fortescue Metals, a person who claims to be a 'small miner', whose personal fortune soared from US$4.1 billion to US$6.9 billion in 2011 due to the soaring share price of Fortescue Metals Group. This is a company that has never paid any company tax. Mr Marcus Hughes, Head of Tax, Fortescue Metals Group, made that admission to the Standing Committee on Economics inquiry into the MRRT. He said:

We have not cut a corporate tax cheque to date, no.

Andrew Forrest has called the MRRT 'un-Australian' and 'unconstitutional'. The word 'un-Australian' is much overused as a descriptor of behaviour, but I certainly think greed is an un-Australian trait that trashes the ethos of a fair go. This is the sort of greed that we have seen from miners. In August this year Fortescue Metals announced a profit result that increased 76 per cent from the previous year, based on a 69 per cent leap in revenue to a total of $5.44 billion, yet they did not pay any tax on that profit. Try explaining that to a worker on the minimum wage who pays their tax every week, every year.

These profits are generated by the extraction of Australia's natural resources and I think it is responsible to ensure that those resources are carefully managed and the people of Australia receive a fair return for their resource. As we all know, they can only be dug up once and they can only be sold overseas once; you do not get a second chance. There has been research as to how long the boom will last, how long the resources will last. Some estimates say that identified iron ore reserves at the current depletion rate will be gone by 2036.

The MRRT gives all Australians a fairer return on these national assets while they are being extracted. The MRRT will be used to help support all businesses, and in particular small business. A tax cut of one per cent for all of the 2.7 million small businesses, commencing 1 July 2012, will help to support businesses that may not be doing as
well as the mining companies of the Pilbara. The MRRT will help fund a $6,500 instant asset write-off, which means small businesses can immediately write off each and every asset purchased up to this amount. This tax write-off will help small business invest in growth and will assist suppliers and the manufacturing industry, through new capital orders. The wider one per cent tax cut for Australian businesses is a great example of how we can use the benefits of the mining boom to support all companies.

The MRRT will also be used to deliver a historic reform to every Australian's retirement savings. From 1 July 2013 employer superannuation contributions will be progressively boosted from the current nine per cent to 12 per cent. This reform will mean that a 30-year-old worker today on average earnings will retire with an extra $100,000 of savings. And for those entering the workforce at the age of 18 today, they will be better off by nearly $200,000. The Australian superannuation sector is one of the great successes of government action in Australia with over $1.4 trillion of funds sitting in the world's fourth biggest pool of super funds. Compulsory superannuation was introduced by Labor in 1993, and the latest reform to increase superannuation to 12 per cent will ensure that the average worker has substantially higher superannuation when they get to their retirement. That is a very important thing. This initiative will boost the super savings of 8.4 million Australian workers by $500 billion by 2035.

The MRRT also makes it possible to deliver fairer super concessions for the 3.6 million low-income earners who currently get little or no concession on their employer superannuation contributions. The government will end the taxation of superannuation contributions for any worker earning less than $37,000 per annum. These workers can least afford to have their super savings being taxed. By removing the 15 per cent tax on their superannuation contributions, the end result is that their superannuation balance will be boosted. The government has also announced that the superannuation guarantee will be paid to a worker who continues in employment beyond the age of 70 years, which is a very commendable move as more and more people work later into their lives. In addition, the MRRT will fund billions of dollars in new roads, bridges and other critical infrastructure. Much of this infrastructure will benefit the regions where the resources come from and where the workers and their families live, generating work and income for these communities.

The mining industry in Australia will continue to make record profits and create work. One only needs to look at the massive $430 billion pipeline of investment in the mining sector, including $82 billion this year alone, to see that the industry has great confidence in the future. The MRRT follows great Labor initiatives I have spoken about such as compulsory superannuation, which, I might remind people, the Liberal Party voted against when it was introduced and until recently they have been against any change to it. I have noted a sudden conversion in the last week.

Years from now the community will benefit from gaining a fairer share of our country's mining riches. Industry bodies support the change from a royalty based scheme to a profit based scheme. It appears that the only opposition to the MRRT comes from the coalition, which always says no to anything that may benefit our country, and from the vested interests of the big miners. I commend these bills to the House.

Mr WYATT (Hasluck) (09:57): I rise today to speak on the Minerals Resource
Rent Tax Bill 2011 and the associated legislation. The minerals resource rent tax is a project based tax on economic rents for mining companies who make profits from taxable resources, that is iron ore, coal and some gases. The tax is imposed on a mining company's mining profit less its MRRT allowances at a rate of 22.5 per cent. These bills were only introduced in the last sitting period and although they may have been in development since the Rudd government, there is no way we could possibly evaluate the possible impact of this tax on our own electorates and the small to medium sized businesses within them. Any uncertainty or lack of investment by the large mining companies will see many of these businesses suffer. They now compete against overseas contractors and companies to supply the mining sector and they do not need another albatross to be hung around the neck such as a resource tax that may have consequential flow-ons and unintended consequences.

It is interesting that in resource development, and certainly within my own state, there are tiers within the nexus of companies exploring and developing and creating the economic development but on the other hand creating supply demand that is raising prices exponentially in a way that makes it very challenging for locals. If you want to look at cost impost, look at service provision by state and territory governments whereby police, education and health sectors have to pay extraordinary rents for properties.

I agree with the minister when he says that minerals on the ground are for all Australians and this is a very worthy reason to looking at our national interest. So I wonder why the minister wants to implement this tax on companies when it will just result in them seeking cheaper input alternatives, even if this means going offshore. Governments must support small- to medium-sized businesses that are at the beck and call of mining companies.

There are many excellent local businesses in my electorate that contribute to the mining sector. I want to bring to the attention of the House several businesses that will be impacted upon by the mining tax in Hasluck. HV/LV is a switchboard manufacturer in Hazelmere. They are a local company with local staff and employ many apprentices. I have met with them several times and have always been impressed by their professionalism, the quality of their work and their competitiveness against international companies who make similar products. Even before the mining tax has been implemented, Steve De Mol was expressing his concern that his business has been losing tenders to cheaper offshore alternatives.

Dicko Harding from Orionstone, also in Hazelmere, has on several occasions expressed his concern about the introduction of this tax just when the economy seems to be picking itself back up after the global financial crisis. Pilbara Access Group, led by Stephen Easterbrook, has just moved its training operations into South Guildford. Pilbara Access Group is a high-quality scaffolding service for large mining sites. Their emphasis is on the provision of quality training and on an extremely high safety standard. They operate a number of training programs for apprentices and Aboriginal people. It would be a pity if they were to be affected by this tax and a disgrace if the government let this happen. Jeremy and Ian from Oztrac also expressed their concerns, as did those from WesTrak and Barminco.

Whilst I could talk about numerous other local businesses that would be affected, I only have limited time, which is disappointing because I care about these businesses and their workers. Hasluck has a
large proportion of fly-in fly-out workers, commonly referred to as FIFOs. Many of these families rely on the one income, and any variation in this will see a number of families enter periods of hardship if employment opportunities are limited because companies make the decision not to expand their operations.

These families do not deserve to be treated with contempt by the Gillard government. They are making a living for themselves and looking after their families. We should support them as much as possible. I am concerned that this new tax will create job uncertainty and a potential loss of jobs offshore, and I will certainly fight for those families in Hasluck who rely on this important industry sector for their quality of life.

The Premier of Western Australia, Mr Barnett, has increased the royalty concession from iron ore and blown a $2 billion black hole in the Treasurer's budget. Again, the decision in New South Wales to increase royalties will put a $1 billion black hole in the budget. So we have the capacity for states and territories to continually look at the opportunities of resources within their respective states and territories and the contribution that they will derive from royalties that will provide the types of services that they are obligated to provide to their citizens. In Tasmania and South Australia, the respective state governments have also increased their royalties.

Every time a state or territory raises its royalties, this blows a massive hole in the Treasurer's budget. It is a long and slippery slope when a government declares war on states and territories. It is a state's constitutional right to determine how royalties are derived and used in their state. Mr Ken Henry confirmed that the Gillard government never sought advice on the constitutional validity of the mining tax. There has been no consultation with any of the state and territory governments about the implications of the mining tax for them.

This is an unfair tax, especially to Western Australia. My Western Australian colleagues and I will be advocating hard for the people of our great state. Royalties represent 20 per cent of WA state government revenue. This is extremely significant considering the infrastructure needs of the state—in particular, for infrastructure upgrades at the local level.

This incredible unfairness in distribution brings about the question of discrimination between states, presenting a potential constitutional crisis for the Gillard government. Already, the Western Australian government has signalled that they would pursue High Court action should the mining tax be passed. A sensible option to remedy this mess would be to sit down with state and territory governments. Let's not forget that Australia is premised on an agreement to unite in one indissoluble federal Commonwealth under the Crown and the Constitution, and the purpose, or the mechanism as I see it, of COAG is to enable Commonwealth and state and territory leadership to come together to establish and agree to a national approach—which, in this case, would be to pursue genuine tax reform by common agreement, not Commonwealth led. But, no, this government, which prefers not to consult and do things properly, sets that aside.

In the recent tax forum, the mining tax was off-limits, along with the carbon tax, which lacks logic. I would think it logical for tax forum participants to have had the opportunity to discuss the whole scope of taxes so that we could consider as a House those elements that would see genuine reform in taxation in this country. Two of the
biggest taxes we have ever seen were off limits to a forum on tax reform in Australia. I find this inexcusable in our system of democracy. Instead, key negotiations were left to the government and the three biggest mining companies. This is incredibly divisive for the mining sector. All participants should have been included.

What has come from these secret negotiations? A tax which is only on iron ore and coal, another 287 pages of tax law which gives an unfair competitive advantage to the big three companies, who were allowed to design the tax. The Gillard-Greens alliance will create another industry for compliance officers and even more public sector workers to service this mess that divides the industry and takes nearly two-thirds of its revenue from just one state, Western Australia.

Who can forget the Treasurer on 10 May this year, during his budget speech, promising that the budget would be back in black by 2012-13? What we do know is that future revenue from the MRRT will be highly volatile and downward trending. Over the first year after the mining tax was announced, revenue estimates have jumped around, from $12 billion RSPT, to $24 billion RSPT with revised commodity price assumptions, to $10.5 billion post the Gillard mining tax deal and commodity price assumptions, to $7.4 billion post exchange rate changes, and then to $7.7 billion post further exchange rate changes. This indecision and guesswork is unacceptable at the smaller level that we have seen already from this bad government getting worse.

Now their modelling and predisposition for making mistakes will be applied to a gigantic new tax on a profitable sector of our industry and economy. It looks as if the government needs a miracle to get its budget back to surplus. This new tax will create that illusion in next year’s budget but in the medium- to long-term the budget will be much worse off.

The Senate inquiry, which was chaired by my colleague and fellow Western Australian Senator Matthias Cormann, conservatively estimated that the net cost to the budget of the mining tax will be $20 billion—another quick fix by an incompetent government who cannot stop themselves from spending more and more of taxpayers’ money.

This tax is punishing an industry which helped us through the global financial crisis. This is an industry which defines modern Australia and which so many of our people are involved with. We should be helping them rather than hitting them with a significant tax.

I listened to the minister in question time when he referred to a superannuation arrangement being derived out of the new tax. It was interesting to read in the *Australian* on Monday, 21 November 2011:

The Australian Chamber of Commerce and Industry has put that argument in perspective in its submission to the House of Representatives economics committee on superannuation. The boost to superannuation, the chamber points out, will be paid by employers through the superannuation guarantee levy, which will rise from 9 per cent to 12 per cent between 2013-14 and 2019-20. The chamber expects the Superannuation Levy Bill will ultimately cost employers about $20 billion a year.

The article goes on:

But employers fear that the 1 per cent cut in the corporate tax rate will fall well short of the costs of the higher superannuation levy.

The intent of the legislation is understood from what has been presented. Certainly, parliamentary colleagues on the other side who have spoken on this matter have raised what they see as the benefits, but one of the challenges we have when legislation is rushed in this chamber is that we do not get the opportunity to analyse its content and its
consequential flow-on effects, nor to try to ascertain the risk management in terms of unintended consequences.

We are poised in a world global economy that is influenced by both the Eurodollar and the American debt. Should they waiver then our capacity to climb out of a global financial crisis is certainly likely to be limited. To that end, it is a pity that we are not looking at the opportunities to add value to the resources that come out of the ground.

I know we say that once we take resources out of the ground they are not replaced but I do not see that we are value-adding to those resources. I think there is also a need to consider the secondary industries which will add value to the resources that are there. I strongly oppose the Minerals Resource Rent Tax Bill 2011 and will stand up for the businesses and residents in my electorate of Hasluck. Considering the strength that the mining sector brings currently to many of the small businesses that exist within this nation, I would certainly welcome the opportunity of greater transparency in this legislation and consideration of those risk factors that might mitigate against the development of our economy. Let's hope that we do not look back and say that we had a great win from a government perspective only to find that we have limited the opportunity for our future generations.

Ms BRODTMANN (Canberra) (10:11): I rise to speak in this second reading debate on the Minerals Resource Rent Tax Bill 2011 and cognate bills. We have before us today yet another landmark reform of the Gillard Labor government. It is a reform that moves beyond parochial short-term interests towards the long-term national interest—a reform that ensures that there is continued investment in mining while lowering the overall tax burden of Australian businesses; a reform that ensures all Australians benefit from the natural resources with which this country has been blessed.

As we all know, these resources have a value on international markets. They are the raw materials needed to build growing societies and economies, which is why there has been such demand for these resources from Asia—and China specifically. However, it is clear that the prosperity resulting from the resources boom has not been reflected across all sectors of the economy. While mining companies have grown dramatically and have posted profits that challenge our imaginations, the rest of the economy has grown at a slower rate.

In fact, the profit reported by BHP Billiton last year was $22.5 billion. Rio Tinto posted a profit of some $14 billion, while that so-called 'small miner' Fortescue Metals Group reported a profit of almost a billion dollars. This means that for every hour of the debate in this chamber Fortescue Metals will make over $100,000 in profit, Rio Tinto will make more than $1.5 million in profit and BHP Billiton will make $2.5 million in profit. Yet we heard just the other day that, at least in Fortescue's case, they have not paid company tax.

I do not believe that some of these companies are contributing as much to society as is reasonable. I do not believe that this is fair. We have before this chamber, legislation to ensure that the entire community profits from the exploitation of resources which I believe belong to every Australian. As is the nature of mining we have but one opportunity to ensure that the benefits of our current resource boom are shared with all Australians. After all, we can only dig up these minerals once.

The member for Hasluck was talking about value-adding. I regard this legislation as value-adding for all Australians. That is the added value that we get from the
minerals boom. This was certainly a view expressed in the Henry tax review, who thought the Australian community 'should seek an appropriate return from allowing private firms to exploit these resources', and: A rent-based tax would, over time, earn for the community a greater return from the use of its resources while still attracting private investment. Philip Daniel, the Deputy Head of the IMF's tax policy division, said this was a 'significant worthwhile reform' and urged other nations with large mineral deposits to follow our lead.

This legislation is particularly pleasing to me, as it allows for further reforms to two areas that are among my key passions and concerns: small business and the future superannuation savings of women. As many in this chamber know, before my election to this House I operated my own small business for 10 years. It was simultaneously one of the most exciting and exhilarating times of my life, but also an anxiety ridden part of my life. I do not regret for a moment branching out on my own and diving into running my own consultancy company, but there is a constant pressure that comes from knowing that your mortgage payments are entirely based upon your ability to manage your cash flow and drive your business forward. It is a daunting task, and the rate of failure is high, but, as I saw at my small business seminars earlier this year, there is no shortage of people out there willing to take on the hard but rewarding task of owning their own business.

These people play a very important role in the economy of the country—in fact, it is often said that small business is the backbone of the economy. So I am very pleased that the revenue from the Minerals Resource Rent Tax will go towards lowering the company tax rate and to the introduction of an instant assets write-off for small business for each and every asset worth up to $6,500. The impact that this will have on those small businesses, particularly start-up businesses, will be enormous. This is a significant reform that will mean so much to small businesses. They will now be able to buy new IT or some other equipment and immediately get a write-off on their tax. These changes will benefit Australia's estimated 2.4 million small businesses, including the more than 17,000 in my own electorate. On top of this is the cut to company tax that will benefit each and every company in Australia.

The legislation before us today will also provide a boost to the superannuation savings of Australians through the implementation of a better superannuation guarantee. Compulsory superannuation is now 20 years old. It is a Labor reform that has contributed greatly to making sure that all Australians have a comfortable retirement. However, it has become clear to me, and to many on this side of the chamber at least, that more must be done to ensure that people entering their retirement do not have to worry about their financial matters. Far too many Australians, women in particular, are not retiring with the level of savings they need to maintain a comfortable lifestyle. I have long had a keen interest in the retirement savings and financial planning of women, an interest that has only strengthened on being elected to this place.

Since becoming the member for Canberra I have seen too many women who are not in control of their finances. I have seen women who are the victims of domestic violence sleeping in their cars with their teenage children; women who are on their own with small children in search of social housing and financial assistance; women who are on the pension and still having to rent in the private market; and desperate women in their 60s, who are finding it hard to get work but need to keep working because they do not
have enough for their retirement. It is for these women, and for the many more Australians, that this Labor government wants to increase the superannuation guarantee from nine per cent to 12 per cent. It is for these women that Labor will improve the super for low-income earners. It is for these women that Labor will increase the concessional super cap. Labor’s reforms to the tax system and to the superannuation guarantee for low-income earners will assist so many Australians, particularly women who are employed part-time while raising a family.

I have said in this place before and I will say it again: a woman must have a strong superannuation account and assets if she is to have choice and if she is to avoid money worries later in her life. An education gives you choice. Fertility control gives you choice. And financial planning and independence gives you choice. This is one reason why reform of superannuation is critical. These reforms will help to ensure that for millions of Australian women retirement is not a burden, that woman will have financial independence into their retirement and will not need to worry about how they can afford to live.

I find it quite difficult to understand why those opposite would oppose these reforms. I find it really hard to understand how the party that claims it is the champion of small business is opposing tax cuts and tax concessions to small businesses. I do not know how they can be talking to small businesses in their electorates and telling them they oppose a tax cut. I do not know how they can be in here in this House, knowing, as this government does, that so many Australians are not going to retire with enough money, and opposing measures to do something about it.

Perhaps more concerning to me is the fact that, once again, if this legislation passes—and I believe that it must and will be passed—those opposite plan to repeal it. Let us be clear about what exactly they want to repeal, because it is more than just removing a rent tax on mineral resources. It will mean winding back the retirement benefits of millions of Australians. It will mean removing millions of dollars of tax concessions to small businesses. And it will mean not decreasing the company tax rate.

These are the clear messages from the Leader of the Opposition about what he would do if he becomes prime minister: those opposite, if in government, will not decrease the company tax rate and will remove tax and super concessions for small business and working families. Of course, they could remove the tax and keep these concessions and tax cuts, but they have not yet answered how they would pay for that or how they will fund the other promises in their $70 billion black hole.

While the opposition will oppose this—like everything else—the fact remains that this legislation is right for all Australians and fair for all Australians. It is in the interests of small businesses. It is in the interests of millions of Australian working families in their retirement, particularly women. And it is in the national interest. I commend it to the House.

Mr CRAIG KELLY (Hughes) (10:21): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and related bills, including the Superannuation Guarantee (Administration) Amendment Bill 2011. Firstly, the coalition opposes this bill. We opposed the original version of the mining tax unveiled by the former Prime Minister, and we oppose the second version of this tax, now known as the MRRT. This version 2 of the mining tax is a poorly developed and poorly designed tax
which, when it is all boiled down, is nothing more than a lazy tax grab which will have dire consequences for our mining industry. It is bad for jobs; it is bad for investment. It is simply a bad tax, conceived out of a flawed process. Therefore, the coalition says no to the bill.

In saying a resounding no to this new tax, it is worth remembering a quote from one of the true entrepreneurial geniuses of our generation, the late Steve Jobs. Steve Jobs said of the secret of success:

… it comes from saying no to 1,000 things to make sure we don’t get on the wrong track or try to do too much … it’s only by saying no that you can concentrate on the things that are really important.

The coalition says no to the bill as it is a badly flawed bill that will take our country down the wrong track and prevent our nation from concentrating on the things that are truly important, such as improving our nation’s productivity, encouraging investment, improving equality of opportunity for all firms, large and small, and reducing red tape. What is important is making sure we have a stronger economy to build a stronger nation. Unfortunately, our government fails to understand this. It fails to understand that no country has ever taxed itself into prosperity and no country has ever built its wealth by adding tax after tax after tax, as we have seen this government do.

This tax is being sold by a series of myths. We have seen the government up to their old tricks in peddling this bill to the public using a series of misrepresentations and untruths. The first misrepresentation and untruth peddled by this government is the line that Australians are not getting their fair share of the profits of the stuff being dug up out of our own backyard. Anyone listening to speakers from the government on this debate would get the impression that we have hoards of foreign mining companies invading our shores, ripping out our mineral wealth and chipping it out of the ground without paying anything. But the facts are that mining companies do pay royalties, and these royalties are set ad valorem rates, so as the price of the minerals go up, so do the royalties that the mining companies pay to the states.

Likewise, as profits of the mining companies go up, so does the company tax they pay the federal government. Then there is the payroll tax paid by mining companies, the superannuation they pay and the thousands of other small companies that benefit downstream from the investment from the mining companies and the industry. In fact, in 2007-08 mining companies paid $14.8 billion in taxes and royalties to the federal and state governments. Fast-forward just three years to 2010-11, and it is estimated that mining companies will pay $23.4 billion in taxes and royalties to the federal government—an increase of 58 per cent in just three years.

As a nation we should be recognising that we are currently receiving windfall taxes from the mining industry, and as a nation we should be using these funds to pay off government debt and to build up a surplus again, a surplus that was wrecked and wasted by this current government through their reckless spending. Instead, we see this government, instead of banking these windfall profits and taxes received from the mining industry, still borrowing over $100 million a day to fund its reckless spending.

The second myth that is being peddled is that this new tax will help small business. Of course, everyone wants to help small business; it is a motherhood statement. But these bills will force all small businesses across our nation to have to find an extra three per cent of their payroll in superannuation. This will result in the
majority of businesses being worse off, even after reduction of the company tax rate. An analysis of the government's own figures demonstrates that these bills are nothing other than a tax grab.

According to the government's own figures, in 2010-13 it is budgeted that these new taxes will raise $4 billion. But they will only give back in that year $1.1 billion. In the following year, 2013-14, the government's own figures show that this tax is budgeted to raise $6.5 billion. But, again, it will only give back $2.5 billion. That is a $2.9 billion tax grab in 2012-13 and a further tax grab of $4 billion in 2013-14. These figures expose the true intent behind this mining tax and these bills. It is nothing other than a shameless tax grab, designed to create the illusion of an early surplus, deceptively dressed up and marketed with a falsehood of helping small business when it simply has the aim of plugging holes in this government's budget and making up for its reckless spending and failures.

When we look at the process of how this policy and how these bills evolved, it is a textbook example of how not to do it. Firstly, following the debacle of the mining tax version 1, we had a new Prime Minister promising to negotiate with the mining industry. However, instead of negotiating with the mining industry, this government did a secret deal behind closed doors with our three biggest mining companies—BHP Billiton, Rio Tinto and Xstrata—and excluded their more than 320 smaller competitors. BHP Billiton, Rio Tinto and Xstrata must not have been able to believe their luck when dealing with this government. Talk about come in spinner!

The same geniuses that negotiated GroceryWatch with the big supermarkets and our 'five for one' people swap with the Malaysians rolled up again with our three big mining companies to negotiate the mining tax version 2. No wonder the result is that these three big companies like the tax. They know that it will give them an unfair competitive advantage in the marketplace against their smaller competitors who were locked out of this negotiating process. These bills were a policy done by deal rather than a policy developed through extensive consultation and detailed consideration, and they are an example of what happens when business gets the better of slow-witted politicians without commercial knowledge.

We have seen, in just a few months, how the assumptions relied on by the Treasury carbon tax modelling are not worth the paper the modelling is written on. This legislation is badly flawed also, because it relies on modelling using a highly-volatile commodity cycle. I will give a couple of examples. In June this year, iron ore prices hit close to US$200 per tonne, but last month the spot price had collapsed to US$116.90 per tonne. Look what happened to iron ore prices following the GFC. They simply fell off a cliff, going in a very short period from close to US$200 per tonne to less than US$70 per tonne. Coal prices fell off the same cliff with the GFC. But this is not unusual, and it should not have been unexpected. This is how commodity cycles in prices have risen and fallen over the last 200 years. To think that the future will be any different is naive.

While it is possible that for a short time the commodity cycle may continue to defy gravity, the weight of our 200-year history is against it. If a contraction in China's economy does not send prices crashing down, there is a flood of new supplies of iron ore and coal coming online from around the world, and our competing producers will force the prices down. You would need more than a crystal ball to be able to predict where iron ore and coal prices will be next year, let alone where they will be in five years.
Therefore, because of the modelling used by this government—the secret modelling that no-one has been able to see—it is highly questionable whether the tax will deliver the streams of revenue that the government claims it will.

The ideology behind this tax also demonstrates that we have a government which fails to understand the concept of superprofits. These only occur in the short term in a competitive market. Superprofits are the reward for human ingenuity and entrepreneurship. Superprofits drive innovation—the innovation that creates our wealth and prosperity. But the government, with their socialist tendencies, sees superprofits as simply windfalls for evil capitalists. Mining, like all other industries, relies on entrepreneurial insight for success. It is a risky business, where superlosses are just as likely as superprofits. The current mining boom is no accident. Australian miners were not simply sitting on their hands when Chinese and Indian businesses decided to go on their current buying spree and drive prices up. Australian miners have spent time, money and effort in searching out mineral deposits and developing the capacity to exploit these resources. Had there been no demand for these resources—had the increased demand from China and India not occurred—these miners would have lost much of their investment.

The ability of exploration and mining companies to raise equity and capital for future projects is critical to the development of our nation. There is a real threat from this tax that smaller miners will find it even harder and more expensive to raise funds to invest in the first place. At a time when dark storm clouds are gathering on the economic horizon, the very last thing this government should be doing is hitting our exporters with a big new tax which our overseas competitors do not have to pay. Make no mistake: this tax will make investing in Australian coal and iron ore projects less attractive than investing in those overseas and less attractive than investing in resource projects that are not subject to the tax. Compared to the current situation, it will penalise high-risk projects.

With this legislation, Labor has announced a range of policy changes that all seem on the surface to be very favourable—an increase in compulsory superannuation, small business infrastructure spending and a cut in the company tax rate, for example. But what happens if the mining tax does not raise these funds as expected? On the current estimates, between now and 2020 the cost of the initiatives that Labor says are funded by the mining tax adds up to $58 billion. But, according to the Treasury's own estimates—estimates for which the modelling is hidden—the mining tax will raise less than $39 billion. The key assumptions remain secret. A structural deficit has been built in through this tax.

These bills also demonstrate the commercial naivety of members of the government, who, although well credentialled in economic theory, are simply clueless when it comes to the real world of business. The flaw in this tax is that, unlike with royalties, multinational companies have the ability to use transfer pricing—shifting overheads, debts, expenses and profits from country to country—to reduce their taxation liability. Further, this new tax, because it only applies to coal and iron ore, gives large mining companies involved in mining other minerals the ability to shift expenses and profits between different mines. Although transfer pricing is not permitted in Australia and the ATO has wide powers to determine whether companies are engaged in transfer pricing, there remain many perfectly legal ways that companies can achieve the goal of shifting revenue to foreign tax havens.
Further, the ATO's ability to act against transfer pricing was only weakened recently when the ATO lost a Federal Court case against a French company over its purchase of chemicals from its parent company. The ATO also went on and lost the appeal. This has significantly narrowed the basis on which the ATO can act on transfer pricing, which undermines the fundamentals of this tax.

Finally, I go to the hypocrisy of the government about superannuation. They have not put one single cent into the Future Fund since they have been in government. (Time expired)

Ms RISHWORTH (Kingston) (10:36): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and related bills. Before I start, I note that the member for Hughes feigned concern about this tax not raising enough money to cover all the measures it is supposed to pay for. I hope that he is in his party room raising this concern with the Leader of the Opposition, who has committed to all these wonderful initiatives but has no plan—no idea—about how he will fund them. He has just said, 'We'll match the government on these things,' with no plan. I hope the member for Hughes, in his party room—where he is probably off to now—raises this issue with the Leader of the Opposition: 'How are you going to fund the superannuation increase?'

I am very pleased to rise to support this bill to ensure that Australians get a fair share of the wealth created by mining in this country. Australia is blessed with a wealth of natural resources. Since the beginning of the mining boom in 2004-05, commodity prices have been increasing and the Australian mining sector has experienced significant growth. More recently, revenue from the mining industry finished at $138.8 billion in 2006-07 and is expected to grow to $208 billion for the period 2011-12. The mining industry remains Australia's most profitable industry and continues to grow with record profits, and I believe that all Australians deserve to share in these profits as mining booms in this country. I do believe that Australians have the right to expect the benefits of the mining boom to extend beyond the mining industry itself and to spread right across the country. The truth is that our resources—the resources that belong to the Australian people—can be dug up only once, and we need to make this opportunity count.

While the mining boom has benefits for this country, including creating jobs and wealth, the strong demand for Australian resources has pushed the dollar high. As a result, we have seen that some sectors of our economy, including agriculture and manufacturing and many companies that export Australian made products, are struggling. There have also been impacts on tourism and on our foreign student education industries. This is creating a challenge in our economy, and I am proud to be part of a government that has the courage to tackle Australia's economic challenges to ensure that we keep our economy strong and keep meeting the challenges into the future. It takes this government, a Labor government, to continually stand up to fight for what is in the interests of all Australians, not just the privileged few. Just as they have always done, the coalition will carry on saying no to all initiatives that are in the national interest, spreading their fear campaigns and standing up for vested interests. We will continue to do what is in the national interest and we will continue to invest in this country's future. This is what these bills are all about: investing in our future and a down payment so that the benefits of the mining boom to continue well into the future.
One of the measures that I am very proud of is the increase to superannuation. We heard previously the member for Hughes disagree with the increase in superannuation. He is clearly in the camp of the shadow minister for finance's camp, not that of the Leader of the Opposition. On this side of the House we are united in wanting a boost in superannuation savings from nine per cent to 12 per cent. This will benefit 8.4 million workers and increase the pool of retirement savings by $500 billion in 2035. That will mean that a 30-year-old full-time worker on average wages will retire with an additional $108,000 of savings. Just in my electorate of Kingston the benefits of the increase in the superannuation guarantee will reach almost 48,000 people. This will provide a significant amount of support for many people who are working within my electorate and who are on low incomes by helping them secure a more comfortable retirement. The reality is that most people will outlive their supply of money, so it is important that we are making sure that savings are available to them. We know the opposition does not agree with this and we know that, when superannuation was introduced, the Leader of the Opposition thought it was just a con job. I hope that he has changed his mind on this. I hope that he has now seen the immense benefits that superannuation has brought and that he will support our moves to ensure that there are greater savings available to those in retirement.

We have seen that, in stark contrast to Labor, the coalition has had no super policy—no increase in the super guarantee and no plan for the future, just opposing one day and perhaps supporting the next. They have no clear view of how super will be funded. They will just go along doing what they think is in their political interest and not what is in the national interest. We have a clear plan about what we believe is important for this country's future, and I am pleased that super is part of it.

The bills before us also deliver significant savings and benefits for business. In fact, 2.7 million small businesses will be able to access a $6,500 instant asset write-off, and this is very important for over 13,000 businesses in my electorate. This will be a very welcome tax break in any asset purchase that they might make. In addition, we are reducing the company tax rate from 30 per cent to 29 per cent, so ensuring that all businesses can be competitive. Businesses that are not caught up in the benefits of the mining boom can still receive this benefit. Once again, we are not sure where the coalition stands; whether they support business or whether they do not. What we do know is that, though they might not like this tax, they have introduced levies and that a whole range of taxes by any other name are in their policy. But, when it comes to it, we will see just how they will vote on this benefit to businesses right across the country.

In addition, there is an investment in infrastructure, and this is so important. While the previous benefits of the first mining boom were absolutely squandered by the Howard government, with no investment in long-term infrastructure, we see investment in infrastructure as critical for the productivity growth of this country and for the future. That is why, especially in our mining communities, we are committed to taking some of this revenue and ensuring that investment is for the long term—and the long term for these communities is building the infrastructure that is so desperately needed.

So, once again, looking to the future, whether it is the future for our working Australians, the future for companies with the reduction of the company tax or the future for the mining communities and their
infrastructure, we are delivering the benefits of this mining boom right across this country. And why shouldn't we—after all, these resources are owned by the Australian people.

This government has said that we are not going to squander the benefits of this mining boom as the previous government did. We are not going to have nothing to show for the mining boom once it has gone. We are putting the right policy settings in place to ensure that in 10 or 20 years time there are real benefits to be shown for the current mining boom.

This is an important bill and I hope the opposition will support it. I hope they do not continue to read from the same song sheet they always read from, which is, 'No, no, no, no, no.' I hope they will see the sense in this. The Australian people support it. People right around this country want to see these benefits, and I hope the opposition gets on board and supports this bill.

Mr LAMING (Bowman) (10:45): I thank the previous speaker for a very powerfully read speech, but I will disappoint her by saying we will not be supporting this tax, and for that there is a very simply reason. Apart from during the very unique conditions in the 1970s, when we had the petroleum resource rent tax, it has not been the habit of the Australian government to hack into sectors to try to capture some of the surpluses in one sector, when it looks like it is doing well, to the exclusion of others. Like most countries in the world we have always had an economy-wide income tax, an economy-wide withholding tax and an economy-wide company tax, and that is by far the best way to protect an increasingly internationalised world of trade and commerce—the golden goose that is laying the egg for Australia.

Let us make no mistake about just how important the tens of billions of dollars being generated through the mining sector are to Australia. It is just a little too easy for government to say, 'Gee, wouldn't I love another cut of that.' The bottom line is that if mining is doing well Australia does well, and we reap the benefits. We do not need little exceptional rules for each sector when they are doing well. We do not need to go to the banking sector and say, 'Gee, they were good profits last year. Why don't we hack into that as well?' It is a very simple principle that all sectors have an Australia-wide company tax system, and it works exceptionally well.

I can understand that many in the gallery may well say: 'But it looks like a cheap source of money. There is not much that those big nasty mining companies can do about it. All those profits are being repatriated overseas.' It is almost irresistible to delve into this sector and try to claw back just that little bit more. For what? To help pay for our out-of-control spending, of course. That is the motivation and we know it very well. Everyone knows, and it is no great secret, that this government has never balanced its books. It has never balanced the budget in the time it has been in office. The whole problem with the continual proposition of taxes from this government is that they are only trying to cover up their out-of-control spending. The problem for this government is that every tax they conceive of and dream up never quite covers up their runaway spending.

The great problem for the government as they negotiate this MRRT is that they can see that even by 2019-20 the mining tax will not be large enough even to cover one of their commitments: the increase in superannuation for workers. This will cost $3.6 billion in that year, but the mining tax is projected to raise only $3 billion. Of course, that is a decade away, and we do not need to
think about that now. However, this government is not mesmerised, not preoccupied but utterly fixated on dreaming up new taxes to partially cover up their out-of-control spending. It is on this platform that we are having this debate today.

I want to make three very simple points. The first point is that the government is repeatedly referring to these 'non-renewable' resources as if one day we will wake up and they will all be gone—as if there will come a time when we have dug up everything and Australia simply has no more to give the world. Nothing could be further from the truth.

The second point is that it is a misconception that these minerals can only be dug up once. Throughout the history of gold exploration we have seen that once you leave a mine prices change, and the very tailings you have dug up suddenly become a gold mine again. We have no idea what the price of resources will be 10, 20 or 30 years from now. On current levels of exploration and by predicting prices we can arrive at estimates of the life of resources. I will quote the people who know best. I do not need to restrict my comments to just coal and iron ore, which are under consideration in this bill. In 2008, black coal was projected to last for 90 years. Then, in the following year, that figure was revised to 100 years. The projection for brown coal is 4.7 centuries. No-one is saying that we will exhausting those reserves. The notion that we had better capture some of the resources through a rent tax on coal, before it runs out, is completely spurious. Coal will be around in this country long after we have shifted off coal and onto something else.

The third point concerns iron ore. It has an expected 70-year life. In 70 years time, when we are moving into the next century, we will be talking about completely different materials which yet do what iron ore does right now. I do not know what they will be, but one thing I am pretty sure of is that we are not facing a situation where our resources will run out tomorrow. The lives of the other minerals are as follows: bauxite, 85 years; copper, 95 years; lead, 55 years; mineral sands, such as ilmenite from my own electorate, 110 years; nickel, 145 years; and, uranium, 140 years. My simple point is that I do not think we need to panic today that those resources will not continue to be available for a significant period.

What we need to do in these circumstances—and I think most people viscerally get it, even though it is tempting to say, 'We would love a bigger slice of the pie,'—is to say: 'How do we make this pie bigger? How do we guarantee that our kids can get a job in that sector? How do we make sure that the actions of that lot over there do not lead to a simple shift—in investment to other continents where there is no mining tax in place? Where there are two otherwise equal reserves, one in Africa with no minerals tax and one in Australia with a minerals tax, the tax will distort investment decisions. I need to make sure the next big investment in mining occurs here in Australia. I want the next big piece of plant and equipment right here.'

With due respect to the government I would not say that all investment will stop with a mining tax, but there needs to be only a one, two or three per cent distortion—perverse investments resulting from tax and sovereign risk under this government—for the tax to affect the jobs of people sitting up there in the gallery, and their families.

I am not making a hysterical claim that the tax will close the sector down—even the mining companies do not say that. But I do know about the one, two or three per cent
distortion that I mentioned. The ability of this nation to supply China and India needs to be allowed to take its own path under the existing income tax rules of the land. Those rules serve us perfectly well. They do not serve a government that cannot control its spending, but they serve everyone else perfectly well. They served every previous administration of this country perfectly well, but not this lot—they are out of control.

The government has more promises to meet and more special interest groups to suck up to, and the only way to do that is to come up with taxing ideas. Typically, with this tax the government is fining a sector that cannot fight back. It is fining a sector about which the average person on the street says: 'Yeah, have a hook at them. That'd be okay. I'd love to get some of their resources. I'd love to capture some of what they've got. I want to do a bit of naked rent seeking on the mining sector. Easy target, aren't they?' That is why we are having this debate today.

As with its promise in mid-2010 on the carbon tax, the government has lost their way on borders and on the mining tax. What we are debating here is, I believe, slightly better than what the previous Prime Minister came up with—but only barely. There has been no consultation with industry and no agreement reached with the states, who, until now, have been responsible for collecting the royalties on mining. Most of the consultation that has been done has been done in secret and has excluded sectors of the mining population, including small miners. Why did the government have to do it like that? Why can't a government simply speak to miners as a whole, speak publicly about the negotiations, take the recommendations of its own Ken Henry and implement them? No, that would be too messy and too exquisitely painful; the government would rather do a deal with the big three before the election and leave everyone else out of the equation.

That is a new way of government, isn't it? That is an interesting way to work—leave out thousands of miners or, in the case of iron ore and coal, hundreds of operators.

The thing we ask for as Australians is not consultation so much as the basic principle of engagement: actually coming and talking about the impact the tax will have. If you go and visit a mining site in Western Australia, they will tell you, 'We've never seen a Labor person up here.' Short of someone flying in in a Learjet and flying back out in the VIP jet, do they see Labor members coming up and learning about Australia's greatest export sector? No, Labor members get lost there—they never go there. It is almost as if they do not want to go and talk about it. I respect the fact that there are significant interests involved, and when I talk to people in the street there is some support for a mining tax. But the simple fact is that previous administrations never stooped so low.

The income tax system of Australia was satisfactory for running our economy. I have talked about the one unique exception to that—setting up activities in the North West Shelf at a time when capital was extremely difficult to secure. Again, the federal government is trampling over the states. We know that this is predominantly a Western Australian and a Queensland issue, but the government has been unable to reach agreement even with these Labor states. We are not talking about renegade states from that other side of politics; these are Labor states with which the government cannot come to an agreement on this tax.

People on the other side may be able to cobble together deals and get Independents to support this bill. I can understand that; I can understand that at the most superficial level there is some attraction to seeing big dollar signs in front of your eyes. But I implore the Australian people to see this
government for what it is. In fact, they already do see this government for what it is, but I implore them to look even more closely at this issue and recognise in it a government which simply cannot contain its spending, cannot contain its fiscal haemorrhaging and cannot make a truly tough decision about pulling back the money it provides to different parts of the economy to which it feels it owes something.

The government is now effectively holding our federal budget hostage to what state and territory governments do. That is also a significant concern, because this place no longer has the ability to talk about where we will be with a balanced budget in 2013-14. That is not good. Also, of course, the government is basically sucking $25 billion of $38 billion from a single state with no agreement about how best to do it and no agreement about how that state will benefit. I think it is fairly reasonable to ask for an open and transparent process, but N.O.—that has not happened. Has the process been inclusive of small miners? N.O.

Anyone who truly thinks about this tax should really expect better of their own government. The right thing is for this lot to go back and do it again properly. We do not want deals around Chinese restaurant tables in smoky rooms where the government cuts a deal with the big three miners. I would like to have seen the government talk to the Australian miners: the Australians who are domiciled here, the shareholders who actually support the innovative, fast-growing and risk-taking Australian companies. But no—that would have been too messy, so they have been left out.

I think I speak on behalf of many Australians when I say to this government: please get your spending under control. That is the big issue, isn't it? If we could get the spending under control, we would not need these distortionary taxes. It is almost impossible for us to convince those on the other side that mining is in fact an international enterprise. We live in a world of globalised and internationalised trade and commerce—and, of course, mining effort. In no way do the major miners want to remain exposed to the sovereign risk of Australia. They are involved in South America or in Africa. They will simply make internal supply changes and invest in Africa just that little bit more, but those changes will be enough to cost jobs. Never forget that three years ago we were always hearing from Labor members the guarantee that no single worker would be worse off under their extreme laws. These guys cannot make that guarantee for any single worker who is working in any Australian mine as a result of this MRRT. I urge every Australian to wake up to the reality of what is happening over here. We can have lower, simpler and fairer taxes, and they will be delivered by this side of politics. We will do everything we can to draw this government back to the fundamental problem it faces—its inability to restrain its spending.

Debate adjourned.

Clean Energy Bill 2011
Clean Energy (Consequential Amendments) Bill 2011
Steel Transformation Plan Bill 2011

Assent

Message from the Governor-General reported informing the House of assent to the bills.
National Health Reform Amendment (Independent Hospital Pricing Authority) Bill 2011
Tax Laws Amendment (2011 Measures No. 7) Bill 2011
Navigation Amendment Bill 2011
Maritime Legislation Amendment Bill 2011
Returned from Senate
Message received from the Senate returning the bills without amendment or request.

Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011
First Reading
Bill received from the Senate and read a first time.
Ordered that the second reading be made an order of the day for a later hour this day.

Dr MIKE KELLY (Eden-Monaro—Parliamentary Secretary for Agriculture, Fisheries and Forestry) (11:00):
I move:
That the bill be referred to the Main Committee for further consideration.
Question agreed to.

Petroleum Resource Rent Tax (Imposition—General) Bill 2011
Petroleum Resource Rent Tax (Imposition—Customs) Bill 2011
Petroleum Resource Rent Tax (Imposition—Excise) Bill 2011
Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011

Superannuation Guarantee (Administration) Amendment Bill 2011

Second Reading
Cognate debate.
Debate resumed on the motion:
That this bill be now read a second time.

Dr MIKE KELLY (Eden-Monaro—Parliamentary Secretary for Agriculture, Fisheries and Forestry) (11:00): It is a great privilege to be able to speak on this legislation which really does complete the package of economic reforms that the government is pursuing this year. It was very interesting to follow the comments of the member for Bowman, who highlighted the fact that our mineral resources in this nation are, in fact, finite. He also delineated some of the time limits for some of those resources, and that is the entire point. You only get one go at those resources: you dig them up, you sell them and they are gone. They do not come back as they are non-renewable resources. One of the things that he forgot to highlight in his speech is that the price of resources fluctuates during their lifetime. If we have 100 years worth of coal, we may well have that length of time for that resource, but the price will go up and down during that time. What does any prudent person in business and any prudent government do in managing resources? They make sure that they get the best possible
price they can while they have the resources in a good price bracket. This is the situation we are in at the present time. We are enjoying good prices for our commodities; some would even say we are enjoying super prices. In fact, if we take one example, BHP-Billiton, and look at the profits that they made last year, we see that they made $22.48 billion in profits. This is an extraordinary sum of money. It is an 86 per cent increase on their profits from the previous year, which were up by about 116 per cent on their profits the year before that. Obviously, when you are looking at a sum like that, you are looking at a figure that is greater than the GDP of some countries, so by any definition you are talking about superprofits.

The thing we are discussing here is simply, at the end of the day, taxation efficiency. This is really a very simple point to grasp, which is why I do not understand why some members of the coalition do not grasp it. I know that many do, and I would ask that the Leader of the Opposition listen to his backbench and to those members of the coalition who would dearly love to be able to get behind a vote for this legislation because they do understand the principles behind it. As I said, effectively we are dealing here with efficiency in taxation. The issue is that the tax expands and contracts with the profitability of a company. Instead of being a fixed royalty system, it is a system based on the actual profits that the company has earned. It is a very simple proposition, and the mining companies themselves support and understand it. In fact, they were advocating it before we endeavoured to go down this road.

I do have to laugh at the member for Bowman's suggestion that we are picking on defenceless mining companies. They do so seem to be so hard up and in such difficult circumstances in being able to mount a case! However, a simple $20 million advertising campaign occasionally thrown out before the public indicates that perhaps they do not deserve the sympathy that the member for Bowman has bestowed upon them. He has talked about the sovereign risk that this tax presents to the country. Of course, this is a complete fallacy and a complete fantasy; it is another element of the theme of misinformation that the opposition leader has pursued. We know that, despite the fact that this measure is being introduced, there is some $430 billion marching this way in investment in the minerals resource sector. In the country area I represent we have a saying: 'money talks, bulldust walks'. Money is talking, and money is moving. The investors do not regard this tax as a sovereign risk, and there are several reasons that it is not a sovereign risk.

I have mentioned the flexibility that it introduces into the system based on the profitability of companies, and there are other reasons that Australia is an attractive location for investment. One reason is the geological convenience of the minerals that we possess and the easy winning of those resources, as opposed to the difficult winning of resources in many other countries. Another very important reason is geographic proximity. Australia is well positioned in relation to the markets that are absorbing these resources and the people who are buying our stuff: China and India, which are dynamic economies in our region. There are others, including some in the Asian-Pacific area, who are also buying our resources. They are creating the Asian-Pacific century that we are talking about with rising affluent communities and the rising demand of the booming economies of those regions. Our market is close to them, and there are cost savings in transporting and delivering resources to these proximate markets. So geographic proximity is another advantage.
Political stability is another reason. In Africa and other locations there may be mineral resources, but the political stability there is a distinct factor, and it is a distinct question to be asked in assessing whether or not to make sovereign investments in those places. Obviously, Australia compares extremely well. Infrastructure efficiency is another reason. In some of these countries infrastructure problems much worse than those than exist in Australia are presented to companies. Of course, we have a long way to go in improving the efficiency of our infrastructure. We could be better, we could do better—and this goes to the real issue: in the 12 years of the Howard 'Rip Van Winkle' period of government, they were reaping in what they could get from the mining boom at the same time as they were not investing in the critical infrastructure that this country needed. Also, they were not dealing with the difficulties posed to our economy by the 'Dutch disease' which we often talk about—that is, the imbalance that is caused in the rest of the economy by a mining boom, the pressures it puts on the dollar to rise and the flow-on impact that has on other businesses in a country. The coalition missed the opportunity to do something about that during Mining Boom Mark 1. This government has been determined not to miss such an opportunity, and we are acting to use this mining boom to deal with the inequitable effects on the rest of the economy and the damage caused to the rest of the economy. We will do that by creating a reduction in company tax.

The Leader of the Opposition gets out there and tells people he is supporting small business. When he goes out to Queanbeyan—he doesn't spend any money when he goes out there, unfortunately—he invades our small businesses and tells them all sorts of porkies. At the end of the day, he is the major threat to those small businesses. He has always been their major threat. He is attempting to deny them access to this reduction in their company tax. He is attempting to deny them access to a $6,500 instant write-off for their assets, which can be multiple assets adding up to $6,500—a huge opportunity for small businesses. Of course, there are the benefits that will flow to our workforce as well, which is also at the heart of this legislation. Our workforce is going to benefit so much from the superannuation reforms we are talking about here. The minerals resource rent tax is helping to fund those reforms, not only through the reduction of the company tax but also through the generous provisions that will apply with the 15 per cent tax concessional arrangements for those in the $37,000 bracket. This has to be paid for, and it will be paid for by the tax.

We know the opposition have flip-flopped over superannuation; there has been great division there. The member for Goldstein has famously been out there saying that he was not consulted on superannuation. But superannuation has to be paid for, and we know that the coalition has no plan. The funding of super is part of the expanding $70 billion black hole of the coalition's approach to economic issues—a black hole whose scope and size would shock even Stephen Hawking.

This package is one of the ways we are going to pay for that superannuation reform, which will provide for the retirement incomes that our workforce needs and that the people of my region need. It will also take the long-term burden off the government in funding the pensions we might face with an ageing population. So my workers in Eden-Monaro will welcome this package; they do welcome it. My 18,200 small businesses welcome and are looking forward to the extra support that will be provided through this package.
It is part of the broader economic agenda that this government has set, which is a story of unbroken success. This is the only government in the history of Australia that has avoided recession in the context of an international recession. Look at the other indicia: we have got interest rates now at 4.5 per cent, which is another factor providing relief not only to the workforce but also to small businesses; inflation is at 3.5 per cent; unemployment is at 5.2 per cent; we have record terms of trade; and, as I mentioned, a record flow of investment dollars. These are numbers that the coalition was never able to match. They are outstanding numbers and do represent the fact that this government has been the most successful in this country's history at addressing the economic challenges that we face. It is a key distinguishing point: we address these issues of productivity through dealing with infrastructure, skills and innovation, whereas the coalition would seek to make workers pay to achieve productivity gains. That is the key philosophical difference between us.

It is the Leader of the Opposition who wants to hurt the working people of this country. He slept while we put in place measures that saved 200,000 jobs. He opposed the Clean Energy Future initiative, which will deliver 1.6 million jobs. He opposed the steel package, which is out there and accepted by the steel industry and saving workers jobs. So his position is to hurt workers and to hurt the economy. We will not allow that to happen. We are going to pursue this reform. We are going to make sure the workers of this country get the support they deserve for a prosperous future with satisfying jobs and that we deal with the challenges that this country faces.

Mr BILLSON (Dunkley) (11:11): It is a pleasure to discuss these important resource tax bills—the bundle of them that are before the chamber today—and to follow the member for Eden-Monaro claiming some world-class championship performance from the Labor government. He did not mention, though, that there have been 300,000 jobs lost in small business since the election of Labor. More than 20,000 fewer small businesses are now contributing to our economy, yet it is the small business community that Labor seeks to use and misuse as the justification for this cash grab from the mining sector.

I will come back to the implications of a number of these bills for the small business community, but is very interesting to hear Labor members talk about all the goodies they claim will be funded from this mining tax and try to blissfully skate over the complete confusion and lack of certainty about just what revenue this mining tax will raise, about how the government has failed to provide any credible modelling for the revenue streams that will flow from this measure, and about how it persists in asserting certain revenue will come into the Commonwealth coffers when all the industry analysis and all the companies that have an obligation of continuous disclosure to the share market are making different claims. Everyone is looking around wondering just which mining companies are going to be paying this tax. It is quite amazing. We hear that this is designed to target the 'big three', but the big three miners have done quite a deft move on a Prime Minister out of her depth in the negotiations on the minerals resource rent tax.

The concessions the government has entertained in order to achieve peace have brought a great grin and a great smile to the big three miners because they have done over the government—and you know that, Mr Deputy Speaker Scott. There are concessions around offsetting and rebating state royalties, which are the cost of the goods—the price paid by miners to extract
these minerals—the very thing that the government claims it is addressing. So when state governments—the proper jurisdiction that holds the Crown's interest in these resources—choose to increase royalties, those states are then penalised by the Commonwealth through the Grants Commission process, and the miners are inoculated as well because they are rebated against the minerals resource rent tax. These resources—and I will quote the Labor language here—are 'the property of the Australian people', the property right is exercised through the state governments, and the decision about the price at which those resources are made available is the level of royalties. So, in the very design of this tax, whenever the state governments exercise their constitutional responsibilities to revisit the cost of goods, they get penalised by the Commonwealth—not to the disadvantage of the mining companies but to the disadvantage of the state governments doing what they are constitutionally obliged to do. It is interesting that you hear the Labor government and its members talk about the 'big three' and say that Herculean profits are the motive, but the big three have managed to cut a deal that cuts them out of the impact of the mining tax for at least the forward estimates.

They have been able to say, 'Offset any royalty movements,' and the government said that is okay. Then they said, 'Apply the tax to EBIT, earnings before interest and taxation.' That is a great idea if you are a big miner that has not had to borrow money to undertake the project, because you have no interest payments. So they think that is fantastic. But other miners that have had to borrow funds to undertake a mining project are going to cop it in the neck. That is a big win for the big miners, who can draw from their own resources to finance a project. The third thing is the opportunity for the big mining companies to depreciate their assets all over again. These long-run and, in the words of the government, highly profitable mines have been depreciated, often with accelerated depreciation and other allowances, to a point where their book value is quite minimal. Those miners can now revalue those mines, mark them to market and start depreciating them all over again. So what they have done is absolutely stooge the government about these concessions to the point where they will not be paying any of this tax. We have seen that reported in market analyst reports and in reports to the stock market.

So where is the money going to come from? The government refuse to disclose that. With all this uncertainty and the fiction about the revenue streams this is going to generate, not only have the government gone and spent all that fictitious revenue; they have gone and spent a whole lot more. On the assumption of a 140-year high in our terms of trade—that is, where we are getting the highest return for our resources compared to what we are spending on imports—having let the big miners off the hook by being outsmarted and then spending more than the fictitious amount of revenue the tax is going to raise, the government comes in here and spruiks the supposed benefits of the tax. What the benefits are doing is simply adding to the already enormous structural deficit in the Commonwealth budget. What the government are doing is again overspending money they have no certainty they will receive on conditions that they hope will stay the best they have been in 140 years and then they end up overspending money they are not going to get anyway. That is what this is about. This is why people are rightly concerned about how ham-fistedly and incompetently the government has gone
about the various incarnations of this mining tax.

What is interesting too is that this attack on the royalty system is actually about the Commonwealth government saying to the states and the miners: 'We don't think the cost of goods matters any longer; it is about the profit that is derived from them.' If you are a well-run mine that is generating profits, you will be paying more in tax. If you are not running so well and you are not making big profits, you will be paying less tax. But if the state says, 'Regardless of whether you are profitable or not, these finite natural resources have a value that is captured in the royalty as the cost of goods,' they are giving away that proper valuation of the cost of those resources by the very design of this system. They are saying to the states, 'We'll punish you if you want to apply a higher cost of goods for these scarce natural resources.' But if the company makes a hash of the way in which they extract those resources and cannot derive major profits, the resources will actually generate less for the Australian taxpayer than if they happen to be extracted by someone who is operating profitably. So you have multiple values for these scarce resources depending not on the value of the commodity and what it might reap in the international market but on how profitable the company that extracts them is. So you are actually devaluing those natural resources by saying royalties, the cost of goods, do not matter any longer and if a state government goes there you are going to punish them for it. What a bizarre approach it is when government tries to argue that it is all about securing proper value for those scarce resources for the Australian public when they are actually putting aside and penalising the very mechanism that ensures we get proper value for those resources regardless of how profitable the company extracting them might be.

But also embedded among these 11 bills are some other quite extraordinary changes. I do not know whether people realise that the 400,000 smallest businesses in Australia are going to cop it in the neck because of these bills. Phillip Hudson captured it perfectly in this Herald Sun headline on Monday: 'Small business tax bomb'. Whilst the government runs around saying this is going to be great for small business, in these bills is the removal of the entrepreneurs tax offset—a 25 per cent discount on the tax paid on the incomes of our 400,000 smallest businesses. These are home based businesses, micro-enterprises, start-up retail operations, even people juggling part-time work with retirement who might consult and bring in a little bit of income. That 25 per cent discount is being ripped away by this package of bills. People earning incomes of up to $50,000, which is not an enormous income in anyone's mind, are going to be paying 25 per cent more tax because the removal of that 25 per cent discount, being the entrepreneurs tax offset, is part of this package of bills.

You do not hear the government saying anything about that, do you? What an enormous surprise that will come for a home based business, for a retailer just starting out, for someone who might offer their skills and experience as a professional service provider or for someone postponing retirement while they work a few days a week and maybe consult. You do not hear any of that. The government wants to maintain the fiction that what it is doing is good for small business. These are some 400,000 of our smallest businesses. Those that earn up to $75,000 get some benefit; the offset tapers out at $75,000; no ETO is available above an income of $75,000. But people earning up to $50,000 get the full 25 per cent discount and it tapers down as income increases to $75,000. They are going to get a tax bill rise. Many of them will get a tax bill rise of well
over $10 a week and for some of them it is as much is $16 a week. But you never hear a word from the government about that. This is supposedly the package that is great news for small business. This package is supposedly spreading the benefits of the booming mining sector. The big three, who I have already outlined, expect to pay no extra tax, and may even end up paying less, yet the 400,000 smallest businesses in Australia will be paying more tax.

That is how we are spreading the benefit. We are giving it in the neck with a small business tax bomb by the abolition of the entrepreneurs tax offset while the big three miners laugh at the government's incompetence for caving in on deals that mean they will be paying hardly anything under these new arrangements.

But it gets worse. The government then goes and talks about things like the accelerated depreciation that is available for some small business purchases. I am all for helping small business out and tax changes need to be beneficial and affordable. I have already touched on the structural deficit that puts a big question mark over affordability. But if you are a cash-strapped small business, what comfort would you gain from the Treasurer telling you, 'You can rock on out and go and buy a new car and there will be cash-flow benefit.'? What kind of warped cash-flow ignoramus would come up with such an assertion, that that is cash-flow positive for a small business? Spend 30 grand of your cash, no matter how cash-strapped you are, and you might get $1,600 back. What a cunning plan. I wonder how many small businesses have thought that is good for their cash flow. But that is embedded in here as well and that is being sold as another advantage: spend a lot to get a little back, in the context of small businesses doing it really hard in this difficult economic climate where there seems to be no-one interested in their plight within the government ranks.

It goes even further. You heard earlier speakers talking about the increase in the superannuation guarantee contribution, as if the mining tax is going to pay for that. News flash to the Labor members: employer funded superannuation is funded by employers. So when the government is running around saying to Australian working men and women, 'You're going to get extra super and the mining tax is going to pay for it,' uh uh, not right. Employers will be paying that. Let us go back to that cash-strapped small business. They are going to have a three per cent increase in their payroll costs. There is no locked-in trade-off for reduction in wage claims, not like the Accord days when the unions and the Labor government of the day said, 'We will deny working men and women full wage increases. We will offset them by an increase in superannuation contributions.' There is no trade-off of that kind whatsoever, just an added cost on small businesses trying to survive and create opportunities for others in a very difficult trading environment.

We have rightly said we will oppose that because the Henry tax review did not even recommend that change. They actually said that with the current contributions through the superannuation guarantee levy you can achieve improved adequacy and coverage for retirement incomes by looking at the way contributions and earnings are taxed. The Henry tax review did not advocate an increase. I understand that the Henry tax review was sensitive to the limited capacity for particularly small businesses to keep paying more and more and more at a time when their profitability and their viability are under great duress. That is why the opposition opposes that measure, because the
outcome it seeks to achieve can, according to Henry, be achieved in another way that does not make a difficult situation even worse for small business. But we cannot get hold of any of that Henry tax review modelling despite it being $22 million worth of work funded by the taxpayer. The government keeps it so close that you cannot even tease these things out. The government wants to push on with this plan and then criticises the opposition for saying, 'If you legislate for these changes and then they are factored into future wage arrangements, unravelling that is a pretty challenging thing to do.' The smart thing to do is not proceed with it at this time and actually bring out the Henry tax review recommendations.

So let us have none of this fiction that this is somehow sharing the benefits of the mining sector. Let us have none of this nonsense that this package is good for small business, because at every turn it is a pea and thimble trick where the benefits are modest and the impacts are severe. It just goes to show that this government does not understand small business and does nothing to help them out in these difficult times. (Time expired)

Mr CREAN (Hotham—Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts) (11:26): This Minerals Resource Rent Tax Bill is an important bill because the economy is in transition. How well we manage the transition is going to determine our future, and this bill is important in helping us make that transition. The more that I visit regional Australia, which is the patches in the patchwork economy, the more I am convinced that we are on the cusp of a new era of sustained long-term growth. The world and the region are not just demanding our resources, they are demanding our skills. They have always sought our comparative advantage; now they look to our competitive advantage, our capabilities. That means ensuring the current resources boom is redistributed to secure the longer-term opportunities in so many of these other spaces. That is why the bill is important.

The minerals resource rent tax is not a tax for general revenue purposes. It is specifically designed to take a slice of the excess profits of the nation's natural resources enjoying incredibly high prices and reinvesting that. It is a tax on the profits of an extraordinary resource boom. These are resources owned by the nation, and it is only appropriate that the benefits of the boom should be spread accordingly back into the nation. None of the proceeds of this tax goes to government coffers; all of it, and more, is going to lower the company tax rate, increase the superannuation guarantee and invest in much-needed infrastructure around the nation. The MRRT will be the community dividend from the resources boom, assisting our many and diverse regions to better diversify their economic base to secure the basis upon which they can better themselves and secure their future.

Under this tax we will redistribute in a way that cuts the company tax rate and in addition gives 2.7 million small businesses additional tax breaks. The superannuation guarantee will be lifted from nine to 12 per cent. This is continuing the great Labor legacy of compulsory superannuation in this country, one which has been fought every inch of the way by those who sit opposite. As a consequence it will see retirement income boosted, with 8.4 million members benefiting. It will see national savings boosted. Already the funds under management equal $1.3 trillion.

This is bigger than our national GDP. With the increase in the super guarantee, this will increase by one-third by the end of the decade. It also will grow our financial
services sector, already a growth export, and it will encourage greater investment both here and overseas.

In addition, the nation's infrastructure is going to be boosted—$6 billion will go toward road, rail, ports and social infrastructure, particularly in Western Australia, Queensland and New South Wales, the companies in which states are going to be paying the bulk of those taxes. But this investment in infrastructure is important because it will avoid the capacity constraints that held us back earlier this decade. Almost $600 million will go to regional infrastructure through our Regional Development Australia Fund. But this will only happen when this bill passes and the threat of repeal dissipates.

The only threat to these benefits that I have outlined is the opposition. Tony Abbott is the most negative Leader of the Opposition this country has ever seen. He stands for nothing and he opposes everything. If he were to win the election, company taxes would go back up, tax breaks for small businesses would be taken away and vital infrastructure for regional Australia would be stopped in its tracks. On his recent promise to keep the increase in the superannuation guarantee, the big question that has to be asked is: how is he going to pay for it? If he repeals the tax, how will he fund the superannuation? This is a credibility gap the opposition already suffers from because it has already run up a $70 billion black hole in unfunded election promises. In Tony Abbott and his cohorts saying no to this tax, they are saying no to company tax cuts, no to superannuation, no to tax cuts benefits to small business and no to infrastructure.

Let's look at some of the regional infrastructure at direct risk from Tony Abbott. I mentioned the additional $600 million in the Regional Development Australia Fund. Already this fund has allocated $150 million in the first round, recently announced. The second round, which we have increased to $200 million, is now out for consideration. Some of the proposals that were funded under the first round were: airport upgrades at Ballina, Griffith and Port Lincoln; leisure and recreation facilities at Hamilton, Rockhampton, Karratha, Streaky Bay and the Barossa; arts and culture institutions in Newcastle, Bendigo, Geelong, Clunes, Glenorchy, Rockingham and the APY Lands; and community centre resources in North Gosford, Armidale in New South Wales, the Gold Coast, Esk, Wide Bay and Port Pirie. I can go on. There are the sheep saleyards at Katanning, the Kimberley Land Council improvements at Broome and the solar installations at the Flinders Ranges. All those are just in the first round. As I said, the second round will be $200 million, and there is the potential for three additional rounds, all around that amount, in the next couple of years—but only if this legislation passes and the threat of its repeal is taken away.

I am surprised at how many members come to my office, not just from those on our side of the parliament but from those who sit opposite.

Mr Chester: They're good local members.

Mr Crean: People who live in the regions come advocating their causes. I welcome this, because this is what these funds should be about. As the member at the table says, those opposition members who come to my office are good local members—that is true. But, I tell you what, they could be better local members by telling their opposition leader to stop his blind opposition to this tax, because it is denying this vital investment in regional infrastructure,
denying the opportunities for regions to grasp the opportunity in a two-speed economy, in a patchwork economy, to strengthen their economic and social base.

It is important, because the two common themes that all the regional bodies around the country talk about is the need to diversify their economic base. They looked at the regions that have done it and they understand those regions are the ones that have better employment prospects. They also know that their communities have to be more liveable. If they are going to attract people to their communities they have to provide the services and the facilities. That is what this Regional Development Australia Fund is about, and that is what investing in infrastructure is about. All those bids that the members come to me about are contingent on this tax passing. The risk to regional infrastructure in the regions is in the blind opposition from those that sit opposite.

It is also the case that the MRRT is a better designed tax for the mining sector than the royalties proposed by the states, because this is a tax that is only paid when a profit level is reached—unlike royalties, which are levied at the point of extraction, before any profit is made. I must say I find it strange that those in the mining sector, who continue to run the campaign against our tax, have said nothing about the royalties tax being increased in New South Wales and in Western Australia.

I say it is duplicitous. I also call it hypocritical, particularly when there are some who admit to having paid no tax in the mining sector for a significant number of years and think they should be paying less! What sort of a situation do they think they are in? This is the nonsense that they peddle.

The MRRT is not only important for regional Australia and for diversifying our economic base, but also is a fairer tax. It is a tax that redistributes the nation's wealth to secure the nation's future. It is about nation building and the creative transitioning of the nation. Just as we transitioned this economy for long-term sustainable growth in the eighties and nineties, Labor is using this as part of the exercise to look to the future and secure it.

These are bold reforms. Yes; they can be unpopular. Any vested interest group will complain if they think it is going to impact upon them. Unpopular it might be, but just as the floating of the dollar, the cutting of tariffs, the opening of the Australian economy, the introduction of superannuation and the introduction of Medicare were also unpopular, and opposed, these were decisions that Labor governments of the past persisted with.

And we are doing the same with this—not because we want to impose burdens, but because we want to spread the benefits to secure the future for the great opportunities that are ahead. Just think of the challenges that are in our region—the challenges of food security, water security, energy and resource security and skills development. These are all spaces that Australia not only plays well in but excels in.

If we want to continue to encourage diversification of the economy, investment in infrastructure and development of skills, energy and creativity, then we have to pursue these types of reforms. That is why our budgets—all of them—have invested so heavily in the drivers of economic growth: skills, innovation and infrastructure. The biggest infrastructure of the lot has been the National Broadband Network to connect the nation better, not just with itself but with the rest of the world.

This bill enables that investment to be built upon. That is why it needs to be seen as an important cog in the wheel. In the history
of this country Labor governments have always been the dynamic leaders and provided the momentum for regional development, ultimately leading to significant national development. That is what this tax is about and that is why I join with all of those on our side of the parliament in urging this House to pass it.

Mr TEHAN (Wannon) (11:40): While the minister is still in the chamber I would like to remind him that the Auditor-General will be looking at the first round of funding of RDA. We will be looking at that very closely, because what the Auditor-General has to say will be—

The DEPUTY SPEAKER (Ms AE Burke): The member for Wannon will refer to the bill now before the House.

Mr TEHAN: I am, because—

The DEPUTY SPEAKER: You are not.

Mr TEHAN: the minister has been referring to the additional spending which will be going to RDA because of this bill.

The DEPUTY SPEAKER: You could have just referred to the bill itself.

Mr TEHAN: The point that I am making is that in the RDA spending that has already taken place the Auditor-General smelt something. The Auditor-General is having a look at it and we will be looking very closely at what the Auditor-General has to say about where that money went.

The DEPUTY SPEAKER: I am now listening to you very closely. Talk about the bill, thank you.

Mr TEHAN: The Minerals Resource Rent Tax Bill 2011 is what we are debating today. This is a tax out of Kevin Rudd by Julia Gillard. It is a dog's breakfast. It is another tax by a government committed to taxing. Let's take a quick look. We have had the alcopops tax and the new tax on Australians working overseas. We have had the cut in what Australians can put into superannuation tax-free. There are restrictions on business losses and changes to the employee share scheme. There has been a cigarette tax hike of 25 per cent and the impost of ethanol taxation increases and LPG excise increases. There have been tightening restrictions on medical expenses you can claim on tax. There has been an increase in luxury car tax and the impost of the flood levy. There has been a tax increase on company cars and the abolition of the entrepreneur tax offset. I could go on and on and on. And I still have not mentioned the great big new mother of them all—the carbon tax.

This is a government that is committed to taxing. As a matter of fact, we need a bit of mandatory pre-commitment on the government's ability to tax! That might be the only way we can get them to stop their addiction to taxing people. We on the coalition side of the chamber, on the other hand, are committed to delivering lower, fairer and simpler taxes. And we will be spelling out how we are going to do this in very good time.

Look at the process this government has undertaken. It decided that it should have the Henry tax review but it chose to ignore the majority of its findings. The Henry tax review took two years, cost over $10 million, received over 1,500 submissions, consisted of a panel of five experts and produced a report with 1,332 pages and 138 recommendations. And what did this government do with the Henry tax review? It decided that it would just grab a very small part of it and then make sure that even with that small part—the concept of a resources rent tax—it would do its best to twist, buckle, disturb and distort it in a way that would make this tax a complete and utter dog's breakfast.
The minerals resource rent tax is divisive. It is complex. It is unfair. It is fiscally irresponsible and distorting. It reduces our international competitiveness and was developed through a highly flawed and improper process. It is a bad tax, which came out of a deeply flawed process.

The initial tax was announced without consultation. There was no consultation with either industry or with the state and territory governments even though it was going to have an impact on how state governments tax resources. A very small committee was then put together, which left out all the small miners, to finally come up with what we have before us today: a very flawed tax. The Henry tax review was supposed to be about root-and-branch reform to deliver a simpler, fairer tax system. Instead, the Gillard mining tax is much more complex and less fair. Another 287 pages of tax law have been created by this bill. That is up from 161 pages when the government released its first draft.

The minerals resource rent tax gives an unfair competitive advantage to the big three companies, who were allowed to design the mining tax. For example, the introduction of the market valuation system to calculate applicable deductions gives the big three a significant tax shield not available to small- and mid-tier companies. Smaller miners will either pay the minerals resource rent tax sooner or continue to pay royalties on production while also subject to an increased compliance burden. It makes me again ask the question that has been asked by the opposition in this place quite often in recent times: what happened to that 'one regulation comes in, one regulation goes out' policy which the government proposed in opposition and took to the 2007 election? It seems to have disappeared by the way, very sadly, because the increase in the regulatory burden on Australian companies and on Australian small businesses continues to increase. This tax is just another addition to that increase in the red-tape burden.

The Henry tax review recommended a lower tax burden for smaller mining ventures. I wonder whether Ken Henry, in his new role in advising the Prime Minister, is sitting there and saying to the Prime Minister: 'You got this a little bit wrong, Prime Minister. What I recommended, which was meant to happen for the smaller companies, you're allowing now for the bigger companies.' I hope he continues to get into the Prime Minister's ear on that. The idea was to help start-up ventures grow and prosper and to keep mining ventures in their decline phase alive longer. Instead, smaller and mid-tier mining ventures will pay a higher effective tax rate under the Gillard MRRT than the big three, who were given exclusive access to the negotiations with the government—a flawed process which has led to a flawed tax.

The Gillard mining tax will reduce our international competitiveness in attracting further investment. The focus should be on growing the size of the pie, not on cutting the pie into smaller and smaller pieces. We need to grow those smaller companies so that they can provide competition to the big three, not make it harder for them.

The Gillard mining tax package, believe it or not, will also leave the budget worse off. In particular—and this, sadly, is the history of this government—over the medium to long term it will worsen the current structural deficit. While we have the Minister for Regional Australia, Regional Development and Local Government in here talking about the money which will go into the regions, we have a government introducing a tax which will make the structural deficit in the medium to long term worse. What does that mean? It means that ultimately there will
have to be a tightening of the belt. There is no doubt, if the Labor Party is still in government, where that belt tightening will take place: it will be regional and rural Australia that they will hit first. It is Labor being true to form, and I have no doubt that regional and rural Australia will be hit the hardest. It beggars belief that a government could design a tax and a package that goes with it that would make the medium- to long-term structural deficit worse when, as the BCA so eloquently highlighted in a report recently, the medium- to long-term structural deficit facing the Australian economy is one of the key things that we should be dealing with.

The Gillard mining tax deal makes the federal budget hostage to state and territory government decisions to increase royalties on iron ore and coal. Only this government could design a tax that cannot properly forecast what the forward revenue received from it will be. They did not negotiate with the states, they did not sit down with the states and work out how this tax could be sustainable; they just bludgeoned through and left the whole tax captive to what state and territory governments do to their royalties from iron ore and coal. If those states rightly want to increase those royalties because of their own budgetary circumstances, it impacts on the federal budget. That is untenable. Only a prime minister as weak at negotiating as this current Prime Minister could deliver such an option for the federal budget. It has left us in a position where we cannot look to the medium to long term and say with surety that we can fix the structural issues, which are growing and growing under this government, with our budget. The MRRT will impose a significant additional compliance cost and reduce the efficiency of our tax system. As I outlined earlier, the red-tape burden of this tax is significant.

There is also a question mark over the constitutional validity of the MRRT. Ken Henry confirmed that the federal government never sought advice on the constitutional validity of the MRRT. Hopefully he is passing on that advice again in his role as an adviser to the Prime Minister. The MRRT is divisive. It has pitted the big miners against the small miners. Once again, only this Labor government is capable of designing a tax which is divisive, which increases the red-tape burden, which reduces the efficiency of our tax system and which is beholden to state governments to make sure that the long-term and medium-term structural deficit does not grow.

There is a better way. Genuine and sustainable tax reform can be achieved only through an open, transparent and inclusive process involving all relevant stakeholders—not just a chosen few. The parliament should stop the MRRT from going ahead and it should force the government to start again.

When you have a tax which is out of Kevin Rudd and by Julia Gillard—

The DEPUTY SPEAKER (Ms AE Burke): The member will refer to members by their appropriate titles.

Mr TEHAN: it is going to be a dog's breakfast. We have to step back, we have to start again. We have to go back to the Henry tax review. If we are to introduce a resource tax, we have to do it in a way which will benefit the long-term interests of the Australian economy. This tax will not do this. The government needs to get its taxation addiction under control. It needs to get its spending addiction under control. The focus on lower, simpler, fairer taxes and genuine tax reform, based on a proper process giving everyone a fair opportunity to have their say and be heard, should form the basis of how the government goes about putting together a tax policy. Sadly, it seems
that this government is incapable of doing that. We have seen it with the carbon tax and now we are seeing it with the Gillard minerals resource rent tax—

The DEPUTY SPEAKER: The member will refer to members by their appropriate—

Mr TEHAN: with Prime Minister Gillard's minerals resource rent tax. It is sad that, given the challenges that the Australian economy is going to face in the next five to 10 years, we have a government that is introducing taxes which will reduce our international competitiveness and make it harder for Australian businesses, both large and small, to continue to operate in the international environment. (Time expired)

Ms GRIERSON (Newcastle) (11:55): I rise to speak in support of the Minerals Resource Rent Tax Bill 2011 and associated cognate bills that will implement the minerals resource rent tax. Clearly, the mining boom will not last forever. The non-renewable resources extracted from our economy can only be dug up once. It is only right that the profits from those finite resources are shared with all Australians.

While mining profits have increased by 262 per cent in the last decade, the Australian people's share in the profits of our natural resources has declined. Fortescue Metals' tax manager conceded to a parliamentary committee earlier this month that they have not paid corporate tax for seven years, despite the company being valued at $16 billion. That is socially irresponsible at best and obscenely greedy at worst. As a government, we cannot justify a taxation framework in which the proceeds from the mining of iron ore, coal, oil and gas are not equitably distributed but benefit only a privileged minority.

Miners are important to Australia. I am the granddaughter of a miner, and most people in my electorate have a mining history somewhere in their genealogy. In the Hunter, 5.1 per cent of the workforce are employed in mining, with flow-on effects for other sectors and the entire community. There is already a $430 billion pipeline of investment flowing to mining projects throughout the nation. Much of that is in the Hunter, and that will continue to grow. Australia is a good place to do business, despite the hype and hysteria from the ranks of the opposition.

Mining remains important to Australia in the future, but the economy of the past will not be the economy we need in the future. Our priority as a government is to build the long-term foundations for a stronger and fairer economy that matches our strategic goals for this nation—a strong economy and a fair Australia. That is why the Minerals Resource Rent Tax Bill provides for the taxation of the above-normal profits from mining iron ore and coal. Collectively these bills are designed to restructure our economy and future-proof it against international market volatility by strengthening our domestic industries and distributing the proceeds of our mineral wealth to every Australian via a sustainable and internationally competitive taxation framework.

Although our economy has not suffered as most economies worldwide have for these past years, our economy is a patchwork economy and we have a responsibility to manage the resultant competing pressures. As rising interest rates and the high terms of trade push up the Australian dollar and decrease export demand, we must ensure that our manufacturers and small exporters outside the resource sector do not suffer. The MRRT is an indicator of this government's efforts to manage our patchwork economy
and distribute the proceeds more equitably. The tax replaces the previous royalty tax and directs the revenue towards vital investment in infrastructure—roads, rail and ports—tax
breaks for businesses struggling with the pressures of a patchwork economy and an increase in the superannuation guarantee to boost national savings and provide secure retirement incomes for future generations.

The MRRT will apply at a rate of 30 per cent to all new and existing iron ore and coal projects, subject to an extraction allowance that reduces its effective rate to 22.5 per cent. Small miners with annual profits below $75 million will not be affected by the MRRT, while miners with profits between $75 million and $125 million will benefit from a partial reduction in their MRRT liability. Interestingly, the Minerals Council has admitted that there is a strong argument to reform the basis of determining royalty payments to a profits-based criteria from a revenue one. Of course, that is exactly what we are doing.

What is clear to the Minerals Council, clear to economists and clear to those on this side of the House is that a profits based tax is far better and more efficient than a tax levied on either the volume or value of production. A royalty based system can actually deter mineral development. But those opposite do not seem to understand that. The Leader of the Opposition has said:

… if people feel that the mining industry is under-taxed, there's nothing to stop the states increasing royalties.

But unfortunately the states are not prepared to do the heavy lifting for the nation's economy and, sadly, the opposition just do not seem to do fiscal policy anymore.

The MRRT is expected to raise an estimated $3.7 billion in 2012-13, $4 billion in the following year, and $3.4 billion the year after. Over 10 years, the tax is expected to deliver an extra $38.5 billion in government revenue to the Australian people. The MRRT will allow for an increase to superannuation contributions, gradually lifting the mandatory superannuation rate from nine per cent to 12 per cent, beginning from 1 July 2013. In New South Wales, this will boost the savings of over 2½ million people, including 170,000 working people in the Hunter.

The former leader of the Liberal Party in New South Wales, now CEO of the Investment and Financial Services Association, John Brogden, said:

This is a visionary policy. It's visionary for Australia's retirement outcomes and it's visionary for the Australian economy.

He subsequently counselled his former colleagues to reconsider their position because:

Twelve per cent superannuation we think sees more than half of the Australian population have an adequate retirement, and that's the difference between heavily relying on the pension and having part pension or no pension.

The former federal leader of the Liberal Party, Dr John Hewson, likewise, has said that, despite posturing from the mining industry, in policy terms, this tax is right. Fortunately, it is right.

There have been major concerns in communities regarding coal seam gas, and I for one am very pleased to see that we have taken on that challenge in this legislation. We have improved the governance arrangements for coal seam gas to ensure that future decisions about coal seam gas projects and large coalmining developments are based on the most rigorous scientific evidence available in order to maintain community confidence, especially in regard to impacts on water. In my electorate that is particularly important as we have Eastern Star Gas. Santos are now looking at CSG
exploration at Fullerton Cove near my electorate, and that sits right next to the Tomago Sandbeds. We are blessed in our region with a water supply that is natural and persistent. We would hate to see that compromised.

So the government has listened to community concerns and will provide $150 million to establish a new, independent, expert scientific committee to provide scientific advice to governments about relevant coal seam gas and large coalmining approvals where they have significant impacts on water. They will oversee research and they will establish a new national partnership agreement with the states through COAG, agreeing that the Commonwealth and states have to take into account the advice of that committee in their assessment and approval decisions. I have to say that it is very much the case that in most states we are not confident in the state planning processes. We are not confident that those approvals are based on rigour and not just financial outcomes. This legislation takes that into account and I hope we will see much better outcomes. The coal seam methane gas industry is important to this country but so are our quality of life, the quality of our environment and our water security. The federal government are now bringing about an intervention that I think will give us much more confidence that this will be done in a scientific and evidence based way.

Critical for my region, there will be investment in mining related infrastructure through the Regional Infrastructure Fund and Regional Development Australia Fund, and I would like to put some of my little wish list on the table. In my city of Newcastle we export over 100 million tonnes of coal every year. That is a massive amount of coal coming through our city. What we have noticed is that, as NCIG and PWCS terminals have expanded, the quality of our air has decreased. It has become more evident in Newcastle since the Orica spill into our atmosphere that now we have an industrial area where, when you look at the scale of developments, there is a cumulative impact. When development approvals are granted, they are done one-by-one. We do not look at the cumulative impact on air quality, water quality or the environment of these combined developments. It is time we did that.

In Newcastle, much of that coal—not all of it, but some of it—comes right through the suburbs. People open their back fences and look at coal wagons that are 50 to 80 carriages long, all uncovered. It is not right that coal goes through the middle of a city like Newcastle. It is time that new infrastructure was built, with separation of freight and passenger rail from Fassifern to Hexham and then through along Steel River and into the Port of Newcastle. I know that people have an expectation that the MRRT will fund mining related infrastructure and of course we have seen a great deal of expenditure by ARTC in my region already on improving the coal chain. This government has made that investment and we will continue to make that investment, but it is now time to think about what the community is paying in terms of their quality of life because of the impact of mining. We in Newcastle have certainly been a resilient community. We like our industrial history and we like our industrial present, but we want our future to be one that is not compromised by it.

Fortunately, this legislation does offer those opportunities to better manage the impact of mining through responding to its infrastructure needs for communities and certainly for the mining industry. This sort of investment will ensure that the mining boom remains strong, as mining projects can draw
on the benefits of the local infrastructure while the negative impacts of mining can be addressed to keep our communities strong and safe. I must say that as a result of the Orica spill the community are strongly determined to see the introduction of a 2.5 microns measure for air quality and they want to see publicly assessable 24/7 monitoring. We want to know about the air we are breathing. We want to know about the quality of the water we are gaining our fish stock from and that people are depending upon. In the *Newcastle Herald* Michael Pascoe wrote:

> The immediate test of whether a party is fit to govern is the minerals resources rent tax (MRRT). In economic terms, it's a no-brainer—And, yes, it is. The benefits are not just great; they are diverse, they prop up the future of our economy, they invest in Australians and they also make sure that this mining boom is well managed and can continue in a good and balanced way.

We know that the Leader of the Opposition once said that he found economics boring. We know that those opposite preach an irrational market fundamentalism—voodoo economics, we would call it. We know that they do not understand these bills. They do not understand economic management and they undoubtedly do not understand the exigencies of life for many Australians.

For 12 years they sat indolent at the helm of our nation, comforted by their market extremism.

On *Sky News* last year the Deputy Leader of the Opposition said that mining companies 'are paying a fair amount of tax'. The following day, the shadow Treasurer said that he thought that mining companies 'pay a fair share'. Then the Leader of the Opposition told 2GB listeners that mining companies 'are paying more than their fair share'. It seems that they want miners to pay less tax than the public would expect. So we do disagree.

Mining profits for the year ending 30 June 2011 were approximately $93 billion, or more than two-thirds the size of the New Zealand economy. Twiggy Forrest's Fortescue Metals Group had a net profit of $985 million; Xstrata had an operating profit of $4.25 billion; Rio Tinto had a first-half profit of $7.6 billion; and BHP Billiton had a yearly profit of $22.48 billion. Apparently they are paying quite enough tax, according to the opposition.

The opposition leader tried to tell us that this tax is 'almost guaranteed to kill the mining boom stone dead'. That is not true; that is just self-serving rhetoric. The opposition opposed the petroleum resource rent tax with the same approach when it was introduced by the Hawke government in 1986 but happily collected the revenue throughout the Howard years. In the headlines, we hear from those with the money and we see the scare campaigns. We have seen the advertising campaigns from the mining companies of the past, and that certainly grabs a lot of headlines. But what we do not see on the front pages of the newspapers or hear on the evening news are stories about the hardworking Australians who will benefit from this legislation, like the small businesses that dominate the economy of most regional communities.

The government will use the revenue from the MRRT bills to reduce the tax rate for all companies to 29 per cent, effective from 1 July 2013. They will give Australia's 2.7 million small businesses a $6,500 instant asset write-off from 1 July next year. Almost 890,000 small businesses in New South Wales will benefit from this legislation, including almost 50,000 small businesses in the Hunter. These bills are part of a new
deal; they are a new compact with the Australian people. They deliver on our mission to deliver a strong economy and a fair Australia. I commend these bills to the House.

Mr BRIGGS (Mayo) (12:10): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and cognate bills before the House. I cannot describe these bills any better than the Senate committee report from the Senate Select Committee on the Scrutiny of New Taxes, compiled largely by Senator Mathias Cormann, who has done an outstanding job in largely revealing the truth about this flawed process and this flawed tax. The report was named *The mining tax: a bad tax out of a flawed process*.

We all remember the process. The foreign minister particularly remembers the original process, because this was the initiative of the foreign minister and the former Prime Minister when he announced the original version of the mining tax in early May 2010. It was what led to his downfall just seven weeks later. The process that evolved from that has given us this new version of the mining tax. There was negotiation with the then new Prime Minister and several major mining companies—I think it was four of the major mining companies—who sat in a room over a couple of days.

Madam Deputy Speaker Burke, you will remember that there were several things on a list that the Prime Minister wanted to get done before calling an election: stopping the boats, which of course has failed; the East Timor solution, which sank without a trace; and the mining tax was one of the to-do items, and we have ended up with the process and tax before us. It will be a disaster for our economy. Taxing the industry which is performing so well at the moment makes no sense at all.

In the last few weeks we have seen the Prime Minister at several international fora, including here last week with the President of the United States, talking about the Asia-Pacific century and what an important role Australia plays in the Asia-Pacific century. I agree that this is a unique opportunity for our country in the coming years. Probably the major reason is that we have such an abundance of minerals wealth in our country. We are blessed with the opportunities that it provides us.

Those on the other side often say that the minerals in the ground are in the ownership of all Australian people. They say that we all own the minerals in the ground and therefore we should be getting as much from them as we possibly can, which of course is simply not true. The minerals are useless until someone invests a significant amount of capital, takes a chance and employs a lot of Australians to take the minerals out and process them—which, granted, is sometimes done in other countries. They need to go through the process of extracting the minerals in the first place. What this government does not understand is that, if you put more tax in the way of companies and entrepreneurs seeking to do this, you will have fewer people seeking to do it in the first place. We will not always have the unique opportunity of a growing China and a growing India and for our minerals to have such value in a growing world. It reminds me of my favourite President Reagan quote—and he was probably the best President of the United States in its history. The quote could be perfect for this government. He said:

Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.

The minister at the table, Mr Butler, would have been at many protests in his student union days in the eighties against President
Reagan and all the things those opposite now stand for—selling uranium to places like India, and so forth—but Reagan was a great President and summed up this government perfectly.

'Profit' is a dirty word to those on the other side. How dare a company make a profit in an economy! It would be a terrible outcome if a company invested its capital, employed a lot of people, made a profit and paid a lot of company tax and royalties along the way! The other side would say we will have to find a new way to tax it because it is a river of gold and nothing we do will get in its way. That is simply not true.

I think the most damaging aspect of this tax is the signal it sends to overseas investors—which is you can no longer trust that the Australian government will have a consistency of policy approach. The consistency of policy approach in tax in this area has been that the states have always looked after the royalty taxes and the royalty arrangements when it comes to the extraction of minerals in our country. This process seeks to circumvent that to a large degree—and, of course, we have already seen it run into a massive hole because of it, with the states standing up for their constitutional rights when it comes to their ability to tax and raise revenue from the extraction of minerals in their territories.

That leads to the first genuine problem with this tax, and that is that, like the carbon tax, this is yet another tax that the government seeks to implement on the economy—and it does not even pay for itself. It is going to cost the budget more than what the tax will raise. The shadow Treasurer rightly pointed out yesterday in question time, and Senator Mathias Cormann has been saying this for some time, including in the Senate report, that this tax will take less than it will raise. Just like the carbon tax, it will cost the budget more.

This government cannot manage money. It spends more money that it earns. It came to government with a $20 billion surplus, and we are now some $110 billion in net debt and over $200 billion in gross debt. We have two big new taxes being foisted on the economy that do not even pay for themselves. They cost more than what they will raise. That just shows the economic incompetence of this government and its Treasurer, who simply do not understand how these decisions impact on the future opportunities of our country—all at a time when we are seeing Europe in complete tatters because governments for too long have spent too much money, have not taken care of the books and have not ensured their policies are fiscally well costed and that they are sustainable for the future.

Again we are seeing a big black hole in the mining tax, in the bills before the House. There is some $3 billion unaccounted for. I know it is mere petty change to those on the other side, with the waste and mismanagement we see all the time from this government, but it is a millstone around the future of our country, the employment opportunities for people in the future and for businesses to be able to invest with some certainty that the government of the day, the national government, has some competence in knowing what it is actually doing in what the Prime Minister describes as the Asia-Pacific century.

I think the greatest furphy that those opposite are running is that this is somehow good for small business, that there is a great bonus here for small business, with the revenue being raised out of the tax somehow being invested back in tax cuts for small business. This is not quite true, because what the government is doing as part of this
process is actually getting rid of the Howard government entrepreneurs tax offset, which benefited the smallest of our businesses—the microbusinesses, the home based businesses, the mums trying to get back into the workforce, people who might have just entered retirement and are doing bits and pieces and those taking a chance on the idea that they have had. We know that those on the other side do not like that, because those people do not join unions. They would much prefer that these people were in a workforce and that they signed up with either the SDA or the ’MISOs’ union—as the minister at the table would much more appreciate—than for these people to invest their own money, their own capital and their own opportunity in creating their own future and a future for their children.

The abolition of the entrepreneurs tax offset will cost these people. For those earning, for instance, up to $35,000 in their small business—which is many of them—it will cost them $563 a year. For those earning $50,000, it will cost them about $800 per year. For those people, that is a significant amount of money—all because this government cannot manage the economy properly and they have to find new revenue sources through taxes that will impact on future opportunities. In its place they have an asset offset program. Small businesses need money in the first place to spend to get the benefit of it. Therefore, that so-called tax break does not actually benefit most small businesses, because they do not have the capital in the first place to make those investments—made worse, of course, by a carbon tax which will send their electricity costs, their water costs and their rental costs through the roof. There are all these additional pressures on small business, and these people have the gall to stand there and say that this new tax is somehow going to be an economic paradise for them. Well, of course, that is baloney.

Worse than that, what these businesses will have to face in coming years is higher superannuation payments. We hear much about this great benefit that the additional three per cent will have for working people. Of course, we want people to be saving for their retirement, because we want them to be sustainable in their own retirement. But we on this side of the House believe that people are best able to make their own decisions with their own lives, and we do not think that putting significant additional pressure on small business at this moment and into the future is a good idea at all.

We know that what they have done with superannuation. Through the Fair Work Act they have required employers to put money into union super funds. We know that this is in part building these union super funds and that they are building more and more the percentage take of superannuation investment into union-run industry superannuation funds. This is an additional effort in pushing along that barrow. It is bad policy and it will have a genuine employment effect in the future.

It will either reduce wage increases, because businesses will not be able to pay, or—and I fear, more likely—businesses will have to foot this bill. This will yet again—like the state based payroll taxes, stamp duties and so forth which restrict the ability of a business to employ so much—be another employment disincentive now and into the future. We want people to be able to get opportunities. We want people to take their own opportunities with their own capital, with their own investment and with their own abilities. We want people to take a chance in their economy by starting their own small business and investing in their own small business.
Every step of the way, this government is putting hurdles in their way. Whether it is deregulation of the workplace, which I have mentioned in this place on a couple of previous occasions, or whether it is increasing taxes, which is increasing the amount of superannuation they will have to make for their employees, someone has to pay.

We are seeing in Europe right now that there is no magic pudding; there is no money tree at the top of Parliament House; the flagpole is not some sort of revenue channel which brings money down from the heavens and distributes it amongst the economy. Someone has to pay. The taxpayers pay their taxes and the government should spend that money wisely. Unfortunately, this government does not understand how to do that and they are therefore looking for way after way of implementing new taxes.

This is a bad tax out of a bad process, a process which cost one Prime Minister his job and is adding to the reasons that this Prime Minister is so unpopular in the electorate. People cannot trust this Prime Minister. They cannot trust this government. The government is spending far too much money. They are spending Australia into debt. They are burdening the economy with bad taxes at a time when we should be freeing our economy to take the advantage of the great opportunities that come out of the growth in China and India. The worst thing that we should be doing is trying to tax the strongest industry. We should be encouraging other industries to be like the mining industry and take these opportunities while they are there. We are opposed to this tax because it is a bad tax with a bad process to get there. We stand opposed to it and we will continue to stand opposed to it.

Ms Hall (Shortland—Government Whip) (12:23): The member for Mayo continues in the tradition of the opposition leader in saying no, no, no—no to any reforms that are going to deliver to Australian people. He is on the side of big businesses that are making superprofits and not on the side of the average Australian. He is arguing in favour of large mining companies making superprofits from the sale of Australian minerals whilst at the same time not returning anything to our country.

I think that is really the line in the sand, the difference between the government and the opposition. We believe that all companies should have a responsibility and that, if they are making superprofits, then they should give something back to the community that they are operating in, and that community is Australia. As Australians, we deserve to have some of those profits returned. These bills will implement the minerals resource rent tax, the MRRT, and extend the petroleum resource rent tax regime as part of a stronger, fairer, simpler package of reforms to obtain a fairer return on our non-resources. Once non-renewable resources are dug up and sold, they are gone. We cannot sell them again.

The legislation provides for the taxation of above-normal profits from mining ore and coal. It is a tax on the superprofits of the really big companies. It is a tax on the realised profits, from the selling of the ore or coal, that are attributable to the condition and location of the iron ore or coal just after it has been extracted. The MRRT regime will apply to mining for iron ore and coal in Australia from July 2012. The extension of the existing PRRT regime to include onshore oil and gas projects and offshore projects will also apply from 1 July next year. The design of the MRRT and the PRRT extension aims to strike an effective balance between the government's policy objective of ensuring that all Australians receive a fair return for the use of our valuable mineral and
petroleum resources and provide an efficient, internationally competitive and sustainable tax framework that supports continued investment in these industries.

I come from an area that has a rich history in coalmining. Shortland electorate comprises three state electorates, and one of those state electorates is the Swansea electorate. In the 1980s Swansea electorate was the electorate that had the most coalmines in New South Wales. That has changed. Now there is only one coalmine remaining. BHP and Rio Tinto were lead companies in mining in that area. BHP and Rio have both gone. What did they leave behind: denuded land. They had no obligation to return anything to the community. Instead, they walked away and the community is left to clean up their mess. This is about ensuring that during the time of operation and extraction, those large companies will be required to pay their way on the profit they make.

The MRRT and PRRT revenue will be used to fund important tax and superannuation reform that is giving back to Australians. There is a company tax cut for all companies to 29 per cent on the 1 July 2013. There is a new tax break for up to $2.7 million small businesses from July 2012. There will be investment in our regions through a regional infrastructure fund and a regional development fund, and simplified personal tax for 6.4 million Australians with a $500 standard deduction from July 2012 and a $1,000 deduction from July 2013. So the mining companies pay the tax and the Australian people benefit from that.

Over five million Australians will receive a 50 per cent tax discount on up to $500 of interest income from 1 July 2012, increasing to $1,000 of interest income from 1 July 2013—once again, rewarding Australians. There will be a boost to superannuation for 8.4 million Australians, with the first increase on 1 July 2013. And superannuation concessions will expand for 3.5 million low-income earners and about 275,000 people over 50 from 2012. These are big changes.

In the electorate of Shortland, which I represent in this parliament, that means that 41,007 people will benefit from stronger superannuation; superannuation guarantee beneficiaries will number 40,200; and 11,100 small businesses will be beneficiaries of the $6,500 instant asset write-off. This is delivering real saving and benefit to the community I represent in this parliament. This is as opposed to allowing mining companies to mine and take the wealth of our country out without paying their rightful contribution.

In the Hunter, you only have to go to the coal loader at Newcastle port and see that there was once one coal loader but there are now three coal loaders, and that they work overtime. That is coal coming out of our country and it is the big mining companies that are taking this coal out and not contributing to our society. We need them to pay their way just as every other Australian does.

This government is committed to spreading the benefits of the mining boom to all Australians. I hear members on the other side talking about how we should not impose any liability on these mining companies. But it happens in other countries: we have heard this week about China and how they are putting a resource tax on the companies over in their country. They recognise, just as we do on this side of the parliament, that mining companies need to contribute just as every other Australian does.

I listen to the rhetoric from the other side of this House, I listen to the words of the Leader of the Opposition and I hear what the member for Mayo says about fiscal
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responsibility. I hear how the Leader of the Opposition is going to repeal this legislation and how he is going to repeal the carbon pricing legislation. I also hear from the other side about how he is going to continue all the payments. I noticed that the member for Mayo was strongly opposed to the superannuation guarantee increase, but his leader has agreed to it. I say: where is he going to get the money from?

Where is the money coming from? We have already seen the opposition's accounting ability with the $70 billion black hole that has shown up in their policies in the past. I urge this parliament to support this legislation, even those on the other side of this House. It is good legislation, and the message from my electorate is that they strongly support that mining companies pay their way.

I am mindful of the fact that there are a number of members who wish to speak in this debate and so I will end my contribution here. In doing so, I urge the members on the other side of this House who do have some doubts about the direction the opposition is going in to actually have a bit of internal fortitude, to come over to this side of the House and to vote with us on this legislation.

Mr FLETCHER (Bradfield) (12:34): I rise to speak on the Superannuation Guarantee (Administration) Amendment Bill 2011. Curiously, this bill forms part of the package of bills that the House is presently debating, dealing in the main with the minerals resource rent tax. But we have here a rather unusual, almost US-style bundling together of fundamentally unrelated issues.

The government is seeking to create the impression in the public mind that there is some linkage—that in some way the revenues raised from the minerals resource rent tax are going to fund the increase in superannuation guarantee contributions. Of course that is wrong. The extra contributions will come from the pockets of employers and employees and represent money that would otherwise go directly into the pay packets of employees.

The substance of this bill is to increase in a gradual fashion, beginning in 2013-14, the percentage of an employee's wage which must be paid by the employer into a superannuation fund. Today that rate is nine per cent, and under this bill it is going to rise to 12 per cent by 2019-20.

In the brief time available to me I want to make three points in relation to this bill. First of all, whether it serves the interests of workers is questionable; secondly, it clearly serves the interests of superannuation funds and particularly industry superannuation funds; and, thirdly, therefore the increase from nine per cent should not be contemplated in the absence of significant reforms to superannuation governance overall.

Let me turn to the first point, which is whether this bill serves the interest of workers is questionable. We have had this assertion from the government that to increase the superannuation guarantee charge levy from nine per cent to 12 per cent is in the interests of working Australians. But this money does not come out of thin air; it comes from employers. It increases the total employment cost to the employer of the particular employee. It is common sense that a dollar paid in increased superannuation contributions is a dollar which will not go into the employee's pay packet directly.

Indeed, if you look at the history of the introduction of today's superannuation arrangements, which emerged in a signature Hawke government style negotiation with the ACTU—in the typical corporatist, 'Let's get everybody around a table smoking cigars and dividing up the pie,' style of deal—that
A trade-off between money in the pay packet and money going into superannuation contributions was made quite explicit, so it is not a contentious proposition that there is a trade-off between money going either in increased contributions or directly into employees' wages.

This raises the obvious question: why are working Australians not being given a choice about this matter? Is it not likely that many of them might prefer more cash in their pockets now rather than a bigger superannuation payout in 30 or 40 years time? Is it not likely that many young people living in the big cities of our country, such as younger constituents in Bradfield who face the challenge of trying to break into Australia's extortionately expensive housing market, would prefer more cash in their pocket now?

Let me be clear: I am very much in favour of a strong retirement saving system and I agree with the argument that Australia's large pool of retirement savings is to our national advantage, but we already have some $1.3 trillion in the superannuation system and it is growing strongly. So the question before the House is not whether we should maintain our strong and successful superannuation system; the question is whether we should be compelling employees to accept lower wage increases over the next few years in exchange for compelling employers to deliver them the balance of their expected wage increases in the form of increased superannuation guarantee contributions.

It is striking that the government have made little effort to make the case for this change. They simply assert that it serves the interests of Australian workers, it is very clear that they do serve the interests of superannuation funds, particularly industry funds. Last year the four types of large superannuation funds—corporate funds, industry funds, public sector funds and retail funds—received $78 billion in contributions, according to the regulator, the Australian Prudential Regulation Authority. Of this, 31.3 per cent went to industry funds. In fact, industry funds received a bigger share of contributions than their share of assets. In economics jargon: their share of flows exceeded their share of stocks. So industry funds are well on the way to becoming the dominant sector within the superannuation industry.

American academics Sunstein and Thaler. They argue for so-called soft compulsion as a way of getting people to do things which are in their interests but also preserving their right to choose for themselves.

Why would we not use a nudge approach so that the increase to 12 per cent would be the default that would apply to all workers unless they made the choice to opt out of it by filling in a form at their pay office indicating that they wish to take the extra contribution amount in the form of ordinary pay taxed at ordinary rates? This would very likely deliver nearly the same benefits in the increase in the retirement savings of most workers but would preserve choice for those who, for example, prefer to take the increase as cash in hand to assist them in making the repayments on a home loan. Alternatively, why do we not consider the approach used in Singapore where the Central Provident Fund, the equivalent of our superannuation system, allows for the withdrawal from an individual's account to contribute towards the cost of buying a home?

Let me turn to the second point I wish to make. While it is far from clear that these changes serve the interests of Australian workers, it is very clear that they do serve the interests of superannuation funds, particularly industry funds. Last year the four types of large superannuation funds—corporate funds, industry funds, public sector funds and retail funds—received $78 billion in contributions, according to the regulator, the Australian Prudential Regulation Authority. Of this, 31.3 per cent went to industry funds. In fact, industry funds received a bigger share of contributions than their share of assets. In economics jargon: their share of flows exceeded their share of stocks. So industry funds are well on the way to becoming the dominant sector within the superannuation industry.
Typically, industry funds have rules specifying that up to half of all directors are appointed by unions. These arrangements were specifically designed in the industry superannuation fund system when it was set up by the Hawke and Keating Labor government, ensuring that that government’s friends in the union movement were entrenched at the centre of the governance system of industry super funds. That entrenchment is very much still in place today. According to figures from APRA, in 2004 industry funds held 20.3 per cent of the total assets of the four fund types and only five years later, by 2009, this had reached 27.2 per cent. The changes in this bill are going to deliver substantial benefits to industry funds. Based on 2010 contribution levels, an increase from nine per cent to 12 per cent will bring a further $8 billion a year of contributions into the industry fund sector each year.

Why is it that the industry funds are doing so well and winning a large and growing share of contributions? A key reason is Labor’s new modern award system, which is streaming a growing share of compulsory superannuation contributions into the industry funds. Modern awards contain a clause specifying the superannuation fund into which the employer must pay the employee’s superannuation contributions and this is the default fund that will receive the payments unless the employee has specifically chosen a fund. In the main, employees do not that; therefore, to be nominated as a default fund is a very valuable thing.

An analysis conducted by the Institute of Public Affairs last year found that across 166 modern awards approved by Fair Work Australia there were a total of 566 superannuation funds specified and 513 of these were either industry funds or public sector funds. The largest industry fund, AustralianSuper, is specified as a default fund in over 70 awards. The Fair Work Australia and modern awards arrangements have been a case of the Rudd and Gillard governments looking after their union backers very nicely by using the modern award system to direct a growing flow of superannuation contributions to the industry funds. The further increase being debated by the House today from nine per cent to 12 per cent in contributions will also serve the interests of the industry super funds very nicely indeed.

It cannot be a coincidence that this bill is the handiwork of the Assistant Treasurer, Bill Shorten, a former union official and former director of an industry superannuation fund. No doubt his former colleagues sitting on the boards of industry superannuation funds will be thankful because a key feature of the industry superannuation system is the large number of well-paid directorships to be allocated amongst the union mates.

The annual report of one industry fund, Cbus, reveals that two directors—one presumably the chair—receive over $90,000 a year and several other directors receive more than $50,000 a year. Disclosure in this area is scanty but it seems that, in some cases, fees paid to directors of industry superannuation funds are pocketed by the individual union nominated directors and, in other cases, the fees are paid to the union. In either case the arrangements suit the union movement very nicely.

I now turn to my third point. The increase from nine per cent to 12 per cent should not be contemplated in the absence of significant reforms to superannuation governance. If the parliament is to consider this proposed increase it must be fully cognisant of who is going to benefit from it. In 2010 only 18.3 per cent of Australians were union members.
in their main job. There were 1.8 million people in a workforce of around 10 million. Yet APRA figures show that in 2010 there were 11.5 million member accounts in industry superannuation funds. How does it serve the interests of the millions of Australians in these funds, who are not union members, that up to half of the directors of their fund are directly appointed by a union?

The boards of industry super funds are stuffed with union bosses. They include Australian Workers Union boss Paul Howes, Queensland Australian Labor Party heavyweight and AWU strongman Bill Ludwig, Transport Workers Union secretary Tony Sheldon, Health Services Union chief Kathy Jackson and New South Wales Electrical Trades Union supremo Bernie Riordan. AustralianSuper, for example, has six union appointed directors including the chair. The current six come from the Australian Workers Union, the Australian Manufacturing Workers Union, United Voice and the Australian Council of Trade Unions.

It is noteworthy that the Cooper review, which recently explored the whole issue of superannuation, was critical of the current model of third party organisations such as unions directly appointing superannuation fund directors. It is also noteworthy that the Assistant Treasurer, former union official and industry superannuation fund director has done very little in response to that particular recommendation, yet he has been racing to implement other recommendations and, of course, racing to deliver this remarkable increase in the contributions flow that is going to come into the industry superannuation fund sector.

There is an extremely cosy set of arrangements between the industry super funds, the union movement and, of course, Fair Work Australia, which is in the position of approving the modern awards that determine where default contributions go. One might ask why it is that Fair Work Australia so readily signs off on modern awards which entrench the flow of contributions to union friendly superannuation funds. One reason, I venture to speculate, might be that Fair Work Australia is stacked with ex-union officials. Of the 10 people appointed as Fair Work Australia commissioners by the Rudd-Gillard governments since December 2009, eight have been from union backgrounds.

Policy decisions about the superannuation system should be made in the best interests of superannuation fund members and in the best interests of all Australians having regard to the need to trade off their current consumption requirements and the imperative to save for retirement. It is against this backdrop that this parliament should consider the proposed increase in superannuation contributions from nine per cent to 12 per cent. As I have demonstrated, the government has barely bothered to make the case that these changes will benefit Australian workers and, in fact, on closer analysis there are very strong arguments that in depriving workers of choice we are not necessarily serving the interests of ordinary Australians. It is also troublingly clear that there is a very cosy and convenient arrangement and relationship between this government, the union movement and industry superannuation funds. That raises real questions as to what is really motivating this government in increasing contributions from nine per cent to 12 per cent.

Ms ROWLAND (Greenway) (12:49): I come to this debate to proudly support measures which will achieve some of the most fundamental and worthy policy objectives to be brought before this parliament including, firstly, taking the benefits of the mining boom, the ownership
of our sovereign assets by each Australian citizen—which can be dug up only once—and sharing that wealth across all our communities. It is a fact that, as I consult with my constituents, there is a clear understanding and desire for these benefits to flow to Blacktown, Pendle Hill and Glenwood, and not merely remain confined to the mansions of Peppermint Grove in Perth. Secondly, these measures will recognise in law the fact that a superannuation guarantee rate of nine per cent is simply not enough for an adequate retirement either today or in the future. Thirdly, they will take action through the proceeds of the minerals rent resource tax to address the historic and perpetuating imbalance between the retirement savings of working women versus men. Whilst women statistically continue to live longer than men, our superannuation balances are in fact on average around 40 per cent lower.

This package of bills has a range of significant benefits including a $6,500 tax cut for 2.7 million small businesses—13,500 of them in my electorate of Greenway alone—and a tax exemption for workers earning less than $37,000, which will allow these workers to receive much needed superannuation to prepare for retirement. Finally, the suite of bills will increase the superannuation guarantee providing working Australians with more superannuation savings than has ever been received by an Australian in the history of our nation.

I will focus on the measures contained in the Superannuation Guarantee (Administration) Amendment Bill because I believe its reforms will confer benefits that will be felt close to home for working Australians. Many of my constituents of my electorate of Greenway—55,100 of them in fact—will benefit from the boost to their superannuation as a result of these measures. It is instructive to revisit exactly how the superannuation guarantee works and how it will be affected by the reforms before us. Employers currently contribute nine per cent of the salary of their employees to a superannuation fund to be held in trust for the employees until they retire. However, in many cases, the amount of superannuation available to an employee will not be sufficient to provide for a comfortable and dignified retirement. In fact, a recent poll by the Australian Institute of Superannuation Trustees found that only 14 per cent of Australians feel their retirement savings are sufficient to maintain their current standard of life—and they are right. Furthermore, the poll found that 38 per cent of Australians have less than $30,000 in superannuation savings.

These statistics bring into sharp focus issues which are of ever greater importance as more Australians live longer and therefore need a greater retirement income. This government recognises the importance of ensuring all Australians can afford to retire with dignity and has resolved to take steps to ensure this need is fulfilled.

This package of bills will increase the superannuation guarantee from nine per cent to 12 per cent of each employee's salary. This will ensure that a 30-year-old employee today will have an extra $108,000 in retirement, which will mean having an extra $2,900 available to spend annually. This increase is significant; it will go a long way to addressing the shortfall in retirement savings of the Australian public. This increase to the superannuation guarantee rests upon a solid economic foundation, regardless of what we heard from the previous speaker, the member for Bradfield. The design of the increase is to minimise the impact upon employers and will occur in small increments over a seven-year period, which will allow time for employers and the
economy to adjust. As Pauline Vamos, the CEO of the Association of Superannuation Funds of Australia, has said:

This is a policy where the long-term benefit is that it becomes self-funding to the Budget.

This is because, far from being akin to a tax, the increase to the superannuation guarantee will help to build our national savings, create consumerism amongst retirees and enhance a multi-trillion dollar investment pool which can be used to fund outcomes, such as infrastructure projects.

This year we celebrate the 20th anniversary of superannuation in Australia, one of the most transformational economic and social reforms in our history. I would like to reiterate some of the salient points I have made on previous occasions in this place regarding the importance of superannuation and lifting the guarantee from nine to 12 per cent. This government, like the Hawke and Keating governments before us, believes in building our capacity for lifetime income security to ensure comfort and financial wellbeing after one’s working life, not just during it. Not only has the superannuation guarantee made all workers shareholders in their own destiny; it has improved the economy for generations to come. The more private savings people have to retire on, the less younger workers need to pay in tax to support those retirees. The more of our own money we have in retirement, the less we must rely on the age pension. The more we build our national savings pool, the better the capacity for Australia's investment funds. It is a virtuous and logical cycle. That is why the introduction of the superannuation guarantee was such a visionary and progressive piece of policy, a policy which we are seeking to progress even more by the passage of these bills.

The member for Bradfield has not let us down today: when it comes to superannuation reform, he simply cannot bring himself to do it. I will come back to that in a minute. When it comes to executive salaries, those opposite are very happy to line up on the bosses’ side, but they cannot resist true-to-form rants when it comes to working men and women daring to put their money in industry super funds, which are all overseen by a regulator, and regarding the people in these positions as somehow not running these funds in the best interests of members. It is totally false to suggest this. This was a policy born of a cooperation of the union movement, the government and the industry itself and has now progressed to be a multi-trillion dollar industry in this country.

I have raised the issue of superannuation and reform in this parliament on many occasions and I have done so because, as the Assistant Treasurer has so eloquently described it, I believe it is one of the fundamental pillars of Australia’s social and economic fabric. Like one of my other great passions, the National Broadband Network, it is a policy area where the government and the opposition are at polar extremes. The people of Australia have a clear choice when it comes to retirement incomes policy: you can be either for it—that is, with us—or against it. Let us remember this: the coalition went to August 2010 election with a so-called plan for real action on superannuation. They were so concerned about superannuation they could only muster up four dot points and less than two pages in their plan for action on this critical area of public policy. When it comes to what they actually stand for today on the proposal in this bill to increase the superannuation guarantee from nine to 12 per cent, they are in complete and embarrassing disarray.

Here are some choice points to illustrate this fact. In June last year, we heard the shadow Treasurer confirm the coalition's
opposition to plans to increase the retirement savings from nine to 12 per cent in the guarantee. Their spokesperson, Senator Cormann, bumbled around on the issue for a few months on the superannuation conference circuit, getting bad reviews everywhere he went. Then, on 7 November, the *Australian* reported 'Coalition feared backlash if it pressed on with policy to rescind super rise'. And Phil Coorey in the *Sydney Morning Herald* noted:

... the shadow assistant Treasurer ... had told a group of superannuation executives a Coalition government would unwind any increases to the superannuation guarantee it inherited.

Senator Cormann confirmed this to the *Herald*, saying increasing compulsory super would erode people's take-home pay.

What complete nonsense, Madam Deputy Speaker!

On 13 November the Fairfax press ran the headline 'Coalition divisions widen on superannuation'. On 18 November, *Money Management* reported 'Abbott reiterates opposition to superannuation guarantee rise'. As those opposite were succumbing to economic populism, a leadership group of senior coalition members was established to discuss how best to tackle the economic challenges that our nation faces. It featured the usual suspects, but excluded, of all people, the shadow finance minister, who was replaced by the man who does not know his millions from billions, Senator Barnaby Joyce.

It is clear that this legislation has polarised the coalition and we see today reports that a growing group of those opposite are urging a rethink on rescinding this, because they know that by repealing this reform their budgetary black hole will grow even bigger and they know that the communities they represent are not enjoying the benefits from the resources boom. As reported in the *Australian* on 7 November, the shadow assistant Treasurer and the shadow finance minister have both argued against matching this government's commitment to lifting the super rate to 12 per cent, because they know that without the MRRT they cannot afford to do it. Irrespective of all this policy bungling by those opposite, let me make it clear: if this reform does not happen now, under this package of bills, it simply will not happen.

It should not be forgotten that 20 years ago the naysayers were loud in opposition to the introduction of the superannuation guarantee and calamity was widely forecasted. However, far from the sky falling in, the resulting pool of super savings has contributed to the explosive growth of the Australian financial services industry, which now accounts for a larger percentage of GDP than the mining sector. It is also widely appreciated that our wealth of superannuation contributions formed the ballast needed to help our nation navigate the recent financial storm by easing liquidity and providing funds for continuing investment.

Nevertheless, in a sadly predictable mimicry of 20 years ago, today we have the opposition opposing this increase. This is despite this measure receiving support from about 70 per cent of the Australian population, according to research undertaken by both ASFA and the AIST.

Importantly, this is also despite the measure enjoying a 69 per cent approval rating amongst Liberal and National Party voters, many of whom are, after all, working Australians. I encourage these Liberal and National Party voters to ask the opposition why they would deny them up to $108,000 more upon retirement, and I remind them that, when many people in this place, including the Leader of the Opposition, retire from parliament, they will receive a very generous benefit far in excess of the 12 per cent he is opposing for his own supporters.
That is the nub: what hypocrisy there is from some people in this place who enjoy parliamentary entitlements that far exceed the nine per cent contribution currently enjoyed by most Australians, and how disgraceful that those opposite who were elected to parliament prior to 2004 enjoy defined benefits and notional contributions well in excess of the proposed 12 per cent.

This is a profound and historic measure which I will vote for wholeheartedly. John Brogden, CEO of the Investment and Financial Services Association, aptly described it as 'a once-in-a-generation boost to superannuation in Australia'. Fiona Reynolds, CEO of the AIST, said that the increase is 'long overdue, and will mean the difference between just getting by and enjoying retirement for millions of Australians'. Most importantly, this initiative, as I said, is supported by around 70 per cent of the Australian people, which shows how strongly Australians value their ability to retire comfortably and how important it is that we act now to achieve this.

I want to end by saying how important these reforms are for Australian women. As the Minister for the Status of Women noted last week, a new report has revealed 60 per cent of women are retiring with no superannuation and just over 70 per cent of all single pensioners are female. At a superannuation forum last week, it was noted that the majority of Australian women reaching retirement age have no superannuation savings behind them.

That is why these superannuation reforms have been welcomed in traditional female dominated professions, such as nursing. As the Australian Nursing Federation has noted, these reforms will mean that the superannuation savings of 2.1 million women earning less than $37,000 will be increased by more than $500 million in 2012-13, as a result of the changes to the superannuation guarantee rate. As noted by the ANF assistant federal secretary:

... in Australia's under-resourced aged care sector, women make up more than 90 per cent of the workforce. The increase in superannuation is welcome news, delivering greater financial security for these workers and others across the entire nursing workforce. The ANF, on behalf of our growing membership, commends Minister Shorten on these reforms to the country's superannuation laws.

This package of bills demonstrates the commitment of the government to locking in the gains of the mining boom and ensuring that all Australians receive a share of its rewards. This government recognises that these resources can only be sold once. We understand the importance of sharing these gains fairly, especially with Australians and Australian small businesses doing it tough.

Australians can be confident that this government is acting decisively to spread the wealth of the mining boom in order to alleviate the burdens of small businesses and to ensure that every Australian can retire with dignity in the future.

Mr KEENAN (Stirling) (13:02): I rise to talk on the minerals resource rent tax package of bills. This is a very bad tax. It has been very poorly conceived, it is fundamentally flawed and, as is the hallmark of this government, it has been completely hopelessly implemented. It is a tax that will be very bad for the country but will be particularly bad for my home state of Western Australia, which is going to provide the vast bulk of the revenue to the Commonwealth, if you believe the federal government's projections, which are relatively questionable. The Labor Party is seeking to impose on the industry a tax that is complex, unfair and fiscally irresponsible—and, worse than that, it is
going to reduce our international competitiveness and has already flagged to international investors the idea of sovereign risk in Australia, something that was dead and buried under the previous government when business and companies investing overseas knew they could do so in a stable environment that was not subject to capricious government decisions.

The first thing I want to address is whether it is a good idea to tax the mining industry specifically. There has been a lot of talk about the idea of a mining tax. There is some support for it amongst the Australian population, but the whole idea of singling out a particular industry, particularly when the industry is clearly doing well under a terms of trade boom, for a specific tax measure is incredibly bad precedent for this parliament. It is an exceptionally bad idea that you can look around and see an industry doing well and say, ‘We’re going to target them for an extra tax beyond the taxes they already pay like every other Australian company’. It should send out warning signals to anyone doing business in Australia. It is as if, in the year 2000, we had seen that the IT industry was doing particularly well so we targeted a specific tax against them. It is incredibly bad policy, and the way that it has been designed makes that bad policy even worse.

The idea of taxing this specific industry is not clever. Mining companies already pay tax like everybody else in Australia; they pay a company tax rate. The argument that they are extracting resources that can only be extracted once is a reasonable argument, but it is already catered for in our taxation system by mining royalties. That is the tax that mining companies pay to state governments because they are the governments that these resources are vested in, according to the Constitution. That is the tax that mining companies pay to extract those resources. There has been a reasonable case to increase mining royalties in line with the fact that the industry is doing significantly well and that they were offered concessional rates for royalties when they started their companies, particularly in my home state of Western Australia. There was a reasonable case to rebalance mining royalties, and state governments in New South Wales and Western Australia particularly have gone ahead and done that.

That is right and proper because that is the way the Constitution was set up. Minerals are vested within the state governments. That is why, if this parliament does make the very bad decision to pass this tax, clearly we will find ourselves in the High Court, where the states will legitimately challenge the right of the Commonwealth parliament to tax resources that were vested in them when Federation was established.

We in the coalition recognise that the mining industry is crucial to maintaining our nation’s economy. Mining companies do not have to invest in Australia because the resources are located here. Mining companies have a limited pool of capital and they will invest it where they see themselves getting the best return. They can easily invest it in a competing jurisdiction.

The Australian Association of Mining and Exploration Companies, which is a very active industry lobby group within my home state and which represents the junior miners in Western Australia, ran some very good ads that I think outline just how foolish this tax is. They had spokespeople—or actors acting as spokespeople—allegedly from other countries who were thanking the Australian government for its decision. They had a Canadian saying how wonderful it was that the Australian government would make such a stupid decision which resulted in more investment in Canada. They had a
South African saying how wonderful it was that the Australian government would make it easier for people to invest in South Africa. This, of course, is what this tax does. Mining capital is globally mobile, and mining companies will look around and find places to invest where they believe that investment is going to give them the best return. The idea that because we have iron ore or particular resources in the ground they have to come and invest here is completely erroneous. If we make it too hard for them to do business then Australia will not be a competitive location for that investment to take place.

The minerals resource rent tax is a tax that Labor seeks to impose on economic rents that miners make from taxable resources—specifically iron ore, coal and some gases—at a rate of 22½ per cent. One of the greatest flaws of this tax is the way it has been implemented by the government. Even if you accept that a mining tax is a good idea—which I do not; I think it is a bad idea—the way that it has been designed and implemented by the Labor Party is surely a textbook analysis of how not to do public policy. The final version that we are discussing here today was a hastily cobbled-together arrangement with the federal government and the three largest resource companies: BHP Billiton, Rio Tinto and Xstrata. Those mining executives came to Canberra, sat down with Wayne Swan and his officials and completely and utterly ran rings around them. So now we have a mining tax that is going to penalise junior miners. It is going to penalise up-and-comers within the industry in favour of the largest resource companies, who are going to enjoy a very considerable tax shield because of the way this tax has been designed.

So it is a stupid tax in the first place, and then the way it has been implemented is going to impact on junior miners more than it will impact on big miners, who are going to enjoy a tax shield courtesy of the fact that those big miners came down to Canberra, sat down with the federal government and completely ran rings around it—because, of course, these guys know the mining industry and the federal government does not. A good example of that is that, after this was negotiated, we had Commonwealth Treasury officials calling Western Australian Treasury officials and saying, 'Look, can you tell us a little bit about this mining industry,' because the Commonwealth does not know anything about it. It has been completely outflanked by the big resources companies, who have given themselves an enormous competitive advantage through the Commonwealth government's and the Labor Party's complete inability to understand the mining industry. They have given themselves an enormous competitive advantage that will even help to possibly eliminate some of the competition for them. So the federal government sitting down with the three big resources companies, coming up with a tax that is good for them and bad for other players in the industry, is surely a textbook example of bad public policy making—even for this government, which has a history of gross incompetence.

That is why this tax is particularly divisive. It is overly complex and it will, of course, impact on some of those junior and up-and-coming miners, particularly in Western Australia—because that, of course, is the hub of mining activity around the country. I am deeply concerned about the impact that this tax is going to have on my home state, and of course it will directly impact on my constituents in Stirling as well. There was no consultation with anyone outside the big three within the industry, so no other mining company got a look-in to negotiate with the Commonwealth government on this ridiculous tax.
On top of that, there was no consultation with the states. There are officials and politicians in Western Australia that actually understand the mining industry. They live it. They breathe it. There is a Minister for Mines and Petroleum over there who knows the industry backwards. Of course, this is not expertise that was available through the federal Treasurer—certainly not—but neither was it available through the federal Treasury, because they are new to the mining game. Surely, if they had any understanding about what they were deciding, they would not have put forward such a flawed proposal as we are discussing here today.

Western Australia is going to be particularly adversely impacted by this tax. We have seen an arrangement over the last 24 hours where Western Australians will actually be penalised because our state government did the right thing and increased mining royalties on a resource which is vested within its control. It is well known that Western Australia has one of the largest and most diverse mining and petroleum industries in the world, and the state produces over 50 different minerals. In Western Australia, 75,000 people are directly employed by the mining industry, but for every one job that is directly created by the mining industry there are another three jobs that could legitimately be seen to be created through that mining industry activity. So, when we are talking about the levels of employment in Western Australia, it is clear that an enormous number of Western Australians are directly employed because of the efforts of the mining industry, and there is no doubt that this tax will cost some of them their jobs. You cannot isolate an industry for punitive taxation—an industry that employs so many people—and not expect that there is going to be a bad outcome for people employed within the industry.

This was made very clear in Western Australia in the 2010 election, when Western Australians overwhelmingly rejected this proposed mining tax. There are 15 federal seats in Western Australia, and the Labor Party held on by its fingernails to three, and we are looking forward to campaigning in those three in the upcoming federal election. Those three members—the members for Brand, Fremantle and Perth—will feel the concern and fury of Western Australians at being singled out for this particularly punitive tax.

As I have said, I think the idea of a mining tax is ill conceived, but if we were to have one then surely it makes sense to have one that at least conforms with the tax that was originally proposed by the Henry tax review. Ken Henry proposed a national profit based resources rent tax to replace state and territory royalties. I think it is a terrible idea, but at least that did not complicate the accounting and did not make life more difficult for the industry in the way that this tax is going to if it is passed.

It is impossible to be serious about having genuine resources taxation or royalty arrangement reform without actively talking to the states and territories. As I said, the consultation involved in creating this tax was only with the three largest resource companies. There was no contact prior to this tax being finalised with state and territory governments, which seems extraordinary given that state and territory governments are the ones that levy royalties and are the ones that control mining assets within their jurisdictions.

I have listened to some other contributions in this debate. Members opposite have been complaining that state governments have been increasing state mining royalties in light of this tax. That is just a great indication of how flawed the design of this
The Commonwealth designed it so they will need to rebate those royalties if state governments increase the royalties that they levy on the resources within their jurisdiction. In Western Australia in particular, the idea of increasing mining royalties has been around for a long time. Indeed, the Premier has been on record as saying that he believes that mining companies should pay more royalties to the state for extracting those resources, and he implemented that when he came into government. The mining companies seemed to think that was a reasonable thing as well because they had enjoyed what were considered to be 'honeymoon rates' since the industry was opened up some 40 years ago.

An example of how flawed was the design of this tax is that the Commonwealth did not take into account that they were going to have to rebate royalties when they were increased by state governments. This is a great example of how hastily cobbled together this tax was and what a badly designed tax this is. There has been talk of a deal with the Independents that will alleviate the impact on Commonwealth revenues because of that design flaw. We will await the details of that, which presumably we will see once it has been introduced via amendments into the parliament.

This is a terrible tax. To single out a profitable industry for a specific tax because it is doing well is a terrible precedent for Australia. It sends all the wrong signals to international investment on which Australia so heavily relies. It raises the spectre of sovereign risk that has not existed in Australia for a long time. People expect the Australian government not to behave like some tin pot Third World dictatorship. They rightly expect the government to provide certainty for the business environment. If this tax goes ahead, it will drive a dagger through the heart of mining investment in my home state of Western Australia, it will cost jobs and it will stop junior miners from being able to compete with their more senior and well-established colleagues. It is a bad tax. We will repeal it in government, and I will oppose it with every breath in my body. (Time expired)

Mr SIDEBOTTOM (Braddon) (13:17): On a passion monitor, the member for Stirling would not have registered at all because deep down he understands that this is a fair tax, that this tax is popular and that it taxes a resource that belongs to the Australian people. For all his words, there was not much passion behind it because he does not believe in what he was talking about.

On Monday, the House of Representatives Standing Committee on Economics report on the Minerals Resource Rent Tax Bill and related bills not only recommended that they pass through parliament but also provided information that mining companies generated profits of $92.8 billion to June and plan to invest $430 billion to expand their industry. In the last decade, mining profits have jumped 262 per cent—and that is good. This legislation and the bills associated with it intend to get a fair return for that resource that belongs to Australia, to in no way inhibit the growth of that industry and, indeed, contrary to claims on the other side, to actually act and provide incentives for that industry to continue to employ. So much for the rhetoric about how it is going to be a dagger in the heart of the industry, particularly in Western Australia. You have only to look at those figures. Jack Hill, the blind miner, can work out that there is enough there as an incentive, there is enough there for a fair return to the Australian people and there is enough there to continue what is a very lucrative industry.
The minerals resource rent tax is an amended form of the proposed resource superprofits tax, which others have spoken about here, first announced on 2 May 2010. It is part of a suite of reform measures in response to the Henry tax review and, indeed, is part and parcel of a taxation review for this country. It became the MRRT on 2 July 2010 following the government's consultations with key mining companies that resulted in an agreement with the mining industry. The agreement included a number of amendments to the original reform proposal, and that is where we are at the moment. I mentioned that Australia has a large, high-quality non-renewable resource base. The rights to the majority of this resource base are vested in the people of Australia and in the Crown. The fact that these resources are nonrenewable allows exploitation to generate above normal profit or what we call economic rent.

There are two main types of resource taxes: royalties, which have been mentioned by many in this House previous to my speech and which are typically charged by Australian state governments, and resource rent taxes. Royalties do not take into account the profitability of a mining operation and, as such, will still tax mining operations when no economic rent is present and will recover only a small proportion of profits when rents are high. The Australia's Future Tax System Review found that royalty regimes currently applied by states and territories in Australia to be some of the most distorting taxes in the country; hence, tax reform. Resource rent taxes are profit based, cash-flow taxes. A resource rent tax collects a percentage of the resource project's economic rent.

And, contrary to what the member for Stirling said, there is precedent in Australia for resource rent taxes—it is in the petroleum resource rent tax, and that has not diminished interest in investment in those industries. So this talk of a 'dagger in the heart' stuff—I mean, really and truly, it is no wonder we cannot have much of a debate in this country with that type of overblown rhetoric and nonsense.

So what does the amended tax reform package contain, in essence? It introduces a minerals resource rent tax at a rate of 30 per cent for coal and iron ore, and extends the petroleum resource rent tax to cover all onshore and offshore oil, gas and coal seam methane projects at a rate of 40 per cent. By cutting the company tax rate to 29 per cent in 2012-13, as I mentioned earlier, among all the rhetoric, we are talking about tax reforms, providing revenue to allow for taxation incentives and reductions for businesses and individuals in our country; giving small business an early start to the reduced company tax rate from 2011-12; allowing instant asset write-off for small business—a very important incentive; establishing a state infrastructure fund, one of the major beneficiaries being Western Australia; increasing the superannuation guarantee to 12 per cent; introducing a government superannuation contribution for low-income earners; raising the superannuation guarantee age limit from 70 to 75; and changing concessional contribution caps for people over 50 with low superannuation balances. Most importantly, and again often forgotten in this debate, essentially the revenue the government will receive from the tax on resources will be channelled into increased superannuation benefits, into infrastructure and into business tax cuts. That is where the revenue will be channelled.

Under the MRRT the government taxes mining profits and allows mining operations to carry forward and uplift losses with interest for use in later years. As the MRRT taxes profits from minerals that are commonly subject to state and territory
royalties, it will provide a credit for royalties. Iron ore and coal will be subject to the new profits based tax at a rate, as I mentioned earlier, of 30 per cent. The MRRT also applies to profits from gas extracted as a necessary incident of coal mining and gas produced by the in situ combustion of coal. Other commodities will not be included, so the number of affected companies will be around 320—and many fewer, I suspect.

The MRRT assessable profits are calculated on the value of the commodity, determined at its first saleable form—that is, at the mine gate—less all costs to that point. Projects will be entitled to a 25 per cent extraction allowance that reduces taxable profits subject to the MRRT. This allowance recognises the contribution of miners' expertise to profits at the mine gate, as I mentioned earlier. Small miners with resource profits below $75 million per annum will not have an MRRT liability. Miners may elect to use book or market value as the starting base for project assets, with depreciation accelerated over five years when book value, excluding mining rights, is used; or effective life up to 25 years when market value at 1 May 2010, including mining rights, is used. Those are just some of the aspects that are involved with this package deal.

I mentioned earlier that the MRRT will provide our community with a commensurate return when substantial profits are made—substantial profits—from the extraction of iron ore and coal. I also mentioned earlier that the integration of the state and territory royalty regimes and the Australian government resource tax regime is to be achieved through state and territory royalties being creditable against MRRT liabilities.

So, in returning a fairer share of the nation's wealth to Australians, the revenue will be used to fund important tax and superannuation reforms. I would like to elaborate a little bit more on those. The company tax rate for all companies will be reduced to 29 per cent on 1 July 2013, and there will be a new tax break for up to 2.7 million small businesses from 1 July 2012. This will provide really important incentives to business: a reduction in the company tax rate and a new tax break for 2.7 million small businesses.

It will also mean an investment in our regions through the Regional Infrastructure Fund and Regional Development Australia Fund. It will simplify personal tax for 6.4 million Australians, with a $500 standard deduction from 1 July 2012 and a $1,000 deduction from 1 July 2013—again, it is part and parcel of a large package of tax reforms that will affect companies, small businesses and individual Australians. It will reward personal saving of over five million Australians with a 50 per cent tax discount on up to $500 of interest income from 1 July 2012, increasing to $1,000 of interest income from 1 July 2013.

Importantly, it will boost superannuation for 8.4 million Australians with the first increase from 1 July 2013, and we know that is going to have important, long-term beneficial consequences for so many Australians into the future. It will also expand superannuation concessions for 3.5 million low-income earners and about 275,000 over-50s from 1 July 2012.

Contrary to claims made by the opposition—particularly by the member for Stirling—and some within the industry, the MRRT has the same rate of tax for mines big and small; and it has a range of benefits for smaller miners. It has a full exemption for miners, as I mentioned, with up to $75 million per year in profit; and has a partial
exemption for miners with up to $125 million per year in profit.

Small mining companies will also be able to access concessional arrangements for complying with the MRRT, including a safe harbour methodology for calculating the value of the resource at the taxing point, which I mentioned earlier.

Finally, the MRRT provides miners who are investing to grow with immediate deductibility for their new investments. I wanted to put that on the record, because we hear so much from those opposite and from some sections of the industry that the package of legislation will discriminate against small miners, and that is not the case.

In summation, this is a fair tax. It is part and parcel of a package of tax reforms that will be beneficial to the whole of the Australian community. It is a tax on a resource that belongs largely to the Australian people. It will be beneficial for individuals, particularly through superannuation and tax offsets, it will be important to companies, reducing taxes to 29 per cent, and it will be important to small business. All are very important to our economy. I am very glad to support this legislation.

Mr EWEN JONES (Herbert) (13:31): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and related bills, including the Superannuation Guarantee (Administration) Amendment Bill 2011. I will just pick up from the member for Braddon. He is a good bloke, and he is sitting there saying that this new tax on the mining industry is not only a tax but an incentive and that they should be feeling great about it. Honestly, it is the same as the carbon tax. Nine out of 10 households are going to be better off, and what do they say? Give us three or four of them. Give us a half dozen of each. Load us up and, before you know it, we will all be rolling in the money.

This government has taken a bad idea and managed to make it worse. This is a tax on smaller and emerging miners and a tax on development. This is a tax that allows the three biggest mining companies to write government policy in return for giving this bad government a free ride at the last election. This overtax and overspend government, as the member for Mayo said so correctly in his great speech in here, simply cannot handle money. The popular spending agenda they have tied to these bills is completely ignorant of the revenue that this tax will generate, adding around $20 billion to the deficit in the long run—on optimistic forecasts. And the spending is locked in even if the optimistic forecasts do not come to fruition.

Treasury estimates for the MRRT revenue have jumped between extremes of $7.4 billion and $24 billion. This should be a warning sign of just how volatile international resource markets are. Resource prices are at a record high at the moment, but this will not always be the case. With economic turmoil in Europe and sluggish economic conditions in America, Britain and elsewhere, there are far from any guarantees that the good times will continue, yet that is exactly what this government has assumed when spending the MRRT revenue. Even if everything does go according to plan, we know this boom will come to an end. Both the Reserve Bank and Access Economics have stated that their beliefs are that commodity prices have already hit their high water mark and are in decline. This has fallen on the deaf ears of this government. As the boom finishes up and revenue from this tax drops, the spending does not. In fact, the cost to the government of the proposed superannuation increases will only begin to
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This brings me to the false claim that the government has been making about superannuation. Let me be very clear about this: neither this tax nor this government is paying for superannuation increases for anyone other than government employees. It is employers who will be paying for the vast majority of workers. This is despite the Labor Party’s endless bragging about providing a super increase for all Australians. I think every member in this House will get a phone call from people saying: ‘How are we getting this? Who is paying for this? Is this mining tax really going to fund my super increase?’ No, it is not.

At every stage of policy formation the Labor Party has managed to mess this up. They have ignored the Henry tax review recommendations to use superprofits to replace royalties. We have seen a Prime Minister backstabbed over this tax. We have seen the Labor Party antagonise an industry that propped up our economy during the GFC. We have seen them make a rushed, behind-closed-doors deal with only the three big mining companies to keep them company, and the whole purpose of that was to keep them quiet during an election campaign. We have seen yet another change to the policy that further punishes smaller miners to benefit the three biggest mining companies, which were given exclusive negotiations. It has been blunder after blunder after blunder on policy that should never have seen the light of day in the first place.

This is not just a mining tax. This is a targeted tax aimed directly at the small and emerging miners, and that is how it was designed to work. There were 135 recommendations in the Henry tax review that this government completely ignored. One of them advocated a lower tax burden on smaller mining ventures to foster them and to help struggling businesses survive. Instead we have a government that now wants to throw the burden of a new tax on these emerging miners to benefit the three big mining companies in the industry. And is that any surprise when they refuse to negotiate with anyone from the industry other than the executives from the three big mining companies? There are around 3,500 companies in our mining sector, and the government would only listen to three of them. Not even Treasury officials were allowed at this behind closed doors meeting. It is clear that an absurd negotiation process like this one could not be anything other than a purely political stunt. They were looking not to improve this tax but to give Rio Tinto, BHP and Xstrata whatever it took to end their advertising campaign during the election. So how much tax will these big mining companies be paying after this top secret meeting? According to a BDO study of BHP and Rio Tinto, neither of them will have to pay a cent of this tax for the first five years. This leaves the small and emerging enterprises to shoulder the burden of this tax’s revenue.

It is outrageous that this government can justify a carbon tax, because they are only going after the big polluters—an absurd excuse in itself as everyone will pay—and then turn around and negotiate a mining industry policy with only the three biggest mining companies. There is more to the mining industry than BHP, Rio Tinto and Xstrata. To restrict industry negotiations to just three companies is anticompetitive and will serve to only further entrench their dominance. The Labor government has claimed this tax will allow all Australians to get the benefits of the mining boom. How does burdening small businesses help us get
the benefits of the mining boom? How does discouraging new companies from entering the industry help us get the benefits of the mining boom? That those on the other side genuinely believe this is good for Australians is a sober reminder of how out of touch this government is with Australia's mining industry.

The government has labelled this a superprofits tax. I strongly object to the principle that we should tax companies for being successful. Where does that end? Should we put the handbrake on every part of our economy that is doing well? Only this Labor government could take a thriving industry, which employs over 180,000 people directly and 600,000 indirectly, and see nothing but a money grab. These bills are yet another sign that the Gillard government is taking the mining industry for granted. It was the mining industry and China's demand that pulled us through the GFC with minimal damage. We need to see this boom as an opportunity to foster growth in the industry, not an opportunity to cripple it with taxes. This is tall poppy syndrome at its absolute worst. It attacks our egalitarian ideal that, with a bit of hard work, anyone can be successful. Instead, the Labor Party is looking to punish mining companies for doing so well.

Make no mistake: this is just the beginning. Already we have the Labor Party's partner in government, the Greens, looking to expand the tax to gold mining and uranium mining. The Prime Minister had barely announced that Labor would reconsider uranium sales to India before the Greens decided to add that to the mining tax bandwagon. On top of that, Senator Bob Brown, the Greens leader, has made it clear that he thinks the tax rate should be set at 50 per cent. Given that they seem to be the ones calling the shots, it is only a matter of time before we are back here debating another blow they want to inflict on Australian mining.

We operate in a highly connected world. Multinational mining companies can easily move their investment focus to other resource countries. Canada, South America and a range of African countries are not blind to this reality. They eagerly await the opportunities for their own mining sectors that a superprofits mining tax presents. At the moment we are considered a safe place for mining companies to invest, but we cannot take this for granted. This mining tax will serve to reduce our international competitiveness in attracting further investment. Surely the Labor Party are not naive enough to think that we are the only resource-abundant country. The advent of ships with 300,000- and 400,000-tonne capacity has largely removed our greatest competitive advantage: proximity. Those ships bring a real economy of scale.

In pursuing this tax agenda, the government has continuously spread the idea that the industry does not pay its fair share of tax. Of course, this is a complete furphy. The industry already pays corporate tax, payroll tax and royalties. In 2010-11, mining companies were paying in excess of $23 billion. That includes close to $15 billion in company tax paid to the federal government and around $2.6 billion in royalties revenue for my state of Queensland.

That brings me to my next point. Our Constitution outlines that resources are owned by the states, not the Crown. If the government believes that mining companies do not pay their fair share of tax—and I certainly do not agree with that statement—then it is up to each state government to re-examine the rate of royalties; it is not up to the federal government to put a new tax on state government property. The states are already overly reliant on distorted and
discriminating taxes such as payroll tax and stamp duties. Now the federal government is seeking to further take over state responsibilities by looking at taxing state property, and they are doing this without having consulted any of the state or territory governments. How can you pretend to have real minerals tax reform without even including other levels of government in negotiations? That, my friend, is a furphy.

It is hardly a surprise to have Ken Henry confirm that they also did not consult anyone on the constitutional validity of the MRRT. Maybe, if there had been some intergovernmental communication, the federal budget would not now be held hostage to state government decisions on royalty rates. This poorly constructed package promises mining companies full reimbursement for state royalties. We have already seen the state governments in Western Australia, New South Wales, South Australia and Tasmania move to increase their iron ore and coal royalties to the $3 billion detriment of the federal bottom line, and that is just the beginning. The spending keeps on going.

If this government wants to enhance the benefits of the mining boom, it should help the industry, not hinder it. The CopperString project in North Queensland is a perfect example of how this can happen. The northwest minerals province is rich in mining opportunities that would stimulate the region's economy, but vital infrastructure like CopperString is needed to provide power to this area. Instead, with the project at risk in recent weeks, we have seen the government refuse to come to the table and make this possible. This government is not capable of making the most of our mining boom. All it wants to do is tax enterprises and ignore vital infrastructure projects. That completely ignores the possibility of renewable energy and renewable energy targets being able to feed directly into the national grid. If the government wants to be serious about tax reform in Australia it is not too late, but a true transformation of our minerals tax base has to come on the back of transparent discussions with every group affected. It must coordinate all levels of government and it must be driven by policy outcomes, not political ones. The minerals resource rent tax is the product of behind-closed-doors negotiation between just three of the mining companies involved—a negotiation undertaken purely to make sure that a public relations campaign that sank one Prime Minister would not sink another one.

I do not support poorly designed, politically motivated, quick-fix taxes, and I certainly do not support this one. I have no mining in my electorate, but I have miners. I have airlines that fly them in and fly them out. I have engineers who produce equipment for them. I have caterers who feed them. I have schools that educate them. I have a port that takes care of their equipment. I have a railway that takes care of stuff. Every part of my community is part of their success or failure. Hamstringing them with the mining tax is like asking Don Bradman to bat left-handed just to make more of a game of it: 'Don, it's not fair that you're so good. What we should be doing is making it more fair.' They killed Phar Lap; let's not kill the mining industry.

Ms Bird (Cunningham) (13:45): I would indicate to the member who preceded me that, as a descendant of five generations of coalminers, with many of my family still in the industry, and coming from an electorate that does have coalmines, I absolutely support the range of bills before the House today. I am, in fact, very pleased to speak in support of the Minerals Resource Rent Tax Bill 2011. This bill has very simple objectives. Its first objective is to tax the
above-normal profits from mining the ore and coal that belong to the people of Australia. Its second objective is to return the revenue raised by this tax to the people of Australia.

The MRRT will fund a comprehensive policy package which reforms the taxation system, invests in infrastructure and increases the retirement incomes of Australians. It will cut the company tax rate for all companies to 29 per cent by 1 July 2013. It will provide an immediate new tax break for up to 2.7 million small businesses across Australia from 1 July 2012. It will simplify the tax affairs of 6.4 million Australians, with a $500 standard deduction from 1 July 2010 and a further $1,000 from 1 July 2013. It will reward Australians who save money, with a 50 per cent discount on up to $500 of interest income from 1 July 2012, increasing up to $1,000 of interest income from 1 July 2013. It will boost the superannuation incomes of 8.4 million Australians, with the first increase from 1 July 2013, and expand the superannuation concessions to 3.5 million low-income earners and about 275,000 over 50s from 1 July 2012. Crucially, it will invest in our regions through the Regional Infrastructure Fund and the Regional Development Australia Fund.

The only political party in Australia standing in opposition to tax reform and investment in infrastructure remains the Liberal-National party. In an astonishing move, the Liberal-National party clearly do not consider that Australia's minerals and energy resources belong to the people of Australia. Instead, they clearly, by their arguments, believe that these natural resources are owned only by the mining companies. How is it possible for the alternative Commonwealth government to stand by and allow mining companies to rip out of the ground resources owned by all Australians without a thought for how we turn that to the benefit of all Australians? How is it possible for the alternative government to defend an inefficient state-based royalty system which hits all companies—big and small—in good times and in bad, regardless of their profitability?

It is simply impossible to understand the policy position of the Liberal-National Party in this debate. They say they stand for lower taxes and yet they oppose cutting company tax. They say they stand for small business and yet they oppose the instant tax write-off for small businesses, cutting red tape and increasing small business cash flow. They say they want to increase investment in infrastructure in regional areas of Australia and yet they oppose the revenue base which would do just that. However, there does appear to be growing division within the Liberal-National Party, as reported in yesterday's Sydney Morning Herald column by Phil Coorey under the title 'Mining tax now a coalition dilemma'. It does appear there is a ginger group in the coalition which is urging a rethink of the opposition to the introduction of the MRRT. There are deep contradictions in the opposition's history and approach to policy and its bedrock philosophy in dealing with these particular bills. This is finally being realised, obviously, by some members of the opposition.

The MRRT will apply to the mining of coal and iron ore in Australia from 1 July 2012. The extension of the petroleum resource rent tax to include onshore oil and gas projects and all offshore projects will also apply from 1 July 2012. The revenue to be collected from the MRRT is estimated to be $3.7 billion next year, $4 billion in 2013-14 and $3.4 billion in 2014-15. The MRRT is designed to apply to profits attributable to the resource close to the point of extraction. Its design avoids taxing the value-add of the
miner after that point, such as the processing and transportation of the resource. As a result, the MRRT is a tax on the limited portion of miniprofits, unlike the company tax, which applies to all income.

The design of the MRRT is fair and ensures that small miners, with an annual MRRT profit of $74 million or less, pay no tax. It is also designed to counter the effects of the state based royalty system, which is inefficient and usually takes a flat amount of value for production regardless of profitability. In other words, it hits companies with the same flat rate no matter what the business environment—good or bad. To add insult to injury, the current taxation system on minerals has failed to keep pace with the boom. Royalties have been in decline as a share of operating profits before tax over the last 10 years. Yet the Liberal-National Party remain in defence of this taxation system that does not help mining and resource companies in lean times but does rip off Australian people during boom times.

The MRRT is a progressive form of tax—the higher the mining company profits, the more tax paid. And remember exactly where the tax starts—at the point of extraction. The end result is that Australian people keep getting a fair return for the exploitation of the nation's mineral wealth.

I want to indicate in my remarks that Australians have been subject to a gigantic scare campaign by some mining companies and peak representative organisations on these issues. They have tried to assert during the MRRT debate—and, indeed, during the debate on the introduction of the carbon price—that investment in mining and resources will come to a standstill. Indeed, we have heard that from many speakers on the other side in this debate. The facts, however, can be seen in the ABS figures on investment. Since the government announced the MRRT, mining investment has increased from $35 billion in 2009-10 to $47 billion in 2010-11 and is expected to increase further—to $82 billion in 2011-12.

ABARES's major development project listing released in April this year shows a total planned capital investment of $430 billion. Indeed, with my colleague the member for Throsby, I recently attended NRE Gujarat mining site for their announcement of the expansion of a mine in my own area with significant new investment.

Mining employment has also increased substantially, by 24.3 per cent compared to just 2.1 per cent for the whole of the economy over the same period. The MRRT and the PRRT have been the subject of an exhaustive consultation process since the announcement of the heads of agreement between government and industry in July 2010. The MRRT draft legislation was released for two rounds of consultation in July and September this year. The PRRT draft legislation was released for public consultation in August this year. These bills implement the recommendations of the Policy Transition Group and the principles outlined in the heads of agreement.

The constituency in my electorate understand the basic premise of both the MRRT and the PRRT. My constituents know that they share the ownership of the minerals and energy resources with every other Australian. They know that the mining industry provides a great deal of wealth and employment for Australia. The majority of my constituents support the mining industry, and always will, I suspect. But they also want to know that they are able to share in the wealth of the nation and that generations of the future are able to share in that wealth. The MRRT is important to my constituents.
because they will be able to share in the commodities boom currently underway.

The region that I represent in this place is an example of the patchwork Australian economy. If you are involved in mining related businesses, you are doing pretty well. But, if you are involved in manufacturing related business or retail, business can be pretty tough. Why shouldn't the Australians living in my electorate who work in or own small businesses not be able to share in the profitability of this period of the mining sector? Why shouldn't the small businesses in Wollongong share a tax break worth up to $6,500 for new plant and equipment? Why shouldn't the part-time worker benefit from a simplified tax system providing automatic deductions for work expenses? Why shouldn't a worker benefit from higher superannuation to retire on a better income? Why shouldn't a self-funded retiree or pensioner or a first home owner benefit from a tax concession on their savings? Why shouldn't the local community organisations and local councils benefit from more funding to develop community infrastructure in the third round of the RDA Fund?

As I indicated at the outset, I am very pleased to indicate my support for the MRRT and PRRT. I am extremely disappointed that the Liberal-National Party in choosing to stand for vested interests and opportunism will try to defeat this bill. But I am confident that the people of Australia will recognise that the government has stood up for each of them and that the government has stood up for the future. The government, determined in the face of a tough campaign by mining companies and the opposition, wants to ensure that all Australians benefit from the proceeds of Australia’s mineral and energy resources and are able to translate the current boom into a long-term future for all Australians.

Mr KATTER (Kennedy) (13:55): I move the amendment circulated in my name:

That all the words after "That" be omitted with a view to substituting the following words:

"the House is of the opinion that:
(1) 20 per cent of all revenue from the mining tax be put into a Regional Mining and Infrastructure Fund to be used to facilitate further mining and other development in regional areas from which they have been taken and surrounding regions where necessary; and
(2) this arrangement would be administered by a separate authority and the funding would come on top of normal funding and financial allocations from State and Federal Governments".

The DEPUTY SPEAKER (Hon. Peter Slipper) (13:55): Is the amendment seconded?

Mr Crook: I second the motion and reserve my right to speak.

Mr KATTER: The honourable member for Herbert from Townsville mentioned the CopperString proposal. But, if the state and federal governments of Australia give us electricity and a port outlet in the gulf, then we can give back the Guildford coalmine at Hughenden; the three uranium mines—Westmoreland, Valhalla and resurrecting the Mary Kathleen; Roseby; Cannington; CuDECO at Cloncurry; Gunpowder, Legends Phosphate; Dougall River—copper, silver, lead and zinc in that case; Duchess; Ardmore, if you like to be technical; phosphate deposits in the Northern Territory; the three iron ore deposits at Constance Range; Ernest Henry; Monakoff E1 Camp at Kuridala, the old mining town being resurrected once again; and Merlin. That is 17 mines, bringing in $12,000 million dollars a year to the Australian economy. I have not included dozens of others which are on the mining map of Queensland. These are the most prominent ones that I am aware of. I have not included the other 10 here, and I have not included Julia Creek which,
arguably, has the biggest vanadium deposits in the world and the fourth-biggest oil shale deposits in Australia.

We can deliver to you if you give us the infrastructure. We can deliver to you some $12,000 million dollars of revenue. If you build the CopperString line out to Mount Isa, we can provide for you the second-biggest wind farm in the world at Hughenden, Windlab. These people are not whistling Dixie or living in fantasy land. They have spent tens of millions of dollars on these projects between Charters Towers and Pentland, which will provide for you a duplication of a third of the Australian sugar industry, some 10 to 12 million tonnes of sugar a year from that project.

We can do all these wonderful things for you. We can provide some 25,000 jobs for you. All we are asking from you is assistance. We thank the federal government for their assistance on the CopperString line. We thank the federal government for their assistance in the Pentland proposal, and we thank the opposition, and the member for Herbert too, for their support for these proposals which are so vital for all of North Queensland.

As time makes my delivery rather disjointed, I will conclude by saying that, whilst we need most certainly the electricity—25 per cent of the cost of mining is the cost of electricity—unless we have the electricity there, we have to go not from grid system power at about $80 a megawatt but to diesel at $240 a megawatt—(Time expired)

The SPEAKER: Order! It being 2 pm the debate is interrupted in accordance with standing order 97. The debate may be resumed at a later hour. The member for Kennedy will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE
Carbon Pricing

Mr ABBOTT (Warringah—Leader of the Opposition) (14:00): My question is to the Prime Minister. I refer to her statement yesterday:
It is simply wrong to suggest that the Treasury modelling of the government's Clean Energy Future program depends on the United States putting a price on carbon by 2016.
I also refer the Prime Minister to the government's own modelling, which says:
The modelling assumes comparable carbon pricing in other major economies from 2015-16

I ask: will the Prime Minister now admit what every Australian knows, that the failure of the United States or any comparable country to introduce an economy-wide carbon price means that her carbon tax will be an even bigger rip-off?

Ms GILLARD (Lalor—Prime Minister) (14:01): I say to the Leader of the Opposition, who asked effectively the same question as he asked yesterday, that the facts do not change no matter how much he yells about them. The facts do not change no matter how many times he says no. The facts do not change no matter how relentlessly negative he is. The facts that were the facts yesterday, which we talked about in question time, are the facts today, and they will be the facts tomorrow. No amount of fear campaigning, from an opposition leader who has no policies and consequently only knows how to run fear campaigns and how to say no, will change the facts. The facts will not change just because the Leader of the Opposition is desperate for them to. The facts will not change because of that.

The facts are the same as they were yesterday and, for members of the opposition who were too busy screaming out 'no' to listen to those facts yesterday, the facts are
these: the Treasury modelling that the Leader of the Opposition refers to does not make an assumption about the United States of America having a carbon price. The international assumptions in the Treasury modelling are that countries deliver to the low end of their pledges. Australia, to use our own nation as an example, has publicly committed internationally to a minus five per cent target in 2020 unconditionally. The international modelling assumes that countries will deliver to their low-end targets.

Then the Leader of the Opposition comes in once again with this furphy. How many times do we have to listen to this silly fear campaign—this relentless negativity? He insults people around the world who are actually acting on carbon. He insults people around the world who are dealing with carbon pollution. To remind the Leader of the Opposition: President Obama stood in this parliament and verified his clean energy target. California, which if it were a nation unto itself would be amongst the biggest economies in the world, is moving to put a price on carbon. The European Union has a price on carbon. New Zealand has a price on carbon. A number of Chinese provinces will trial a price on carbon, and so the list goes on.

These are the facts, and no amount of twisting and turning by a Leader of the Opposition who is so desperate because he has no policies that he has nothing to say—not one word to say, not one idea in his mind except saying no—will change that. No amount of repetition of these falsehoods will turn them into truths.

I also say to the Leader of the Opposition that some days he has gone out and said that he agrees with our minus five per cent target. I will make a grand assumption that today he is in favour of the minus five per cent target, and I say to the Leader of the Opposition that if he is in favour of the minus five per cent target, why would he impose on Australians the most costly way of doing it? Why would he require Australian families to give him $1,300 to pursue his scheme, which he knows will not work and which will take money from Australian families and give it to big polluters? The Leader of the Opposition's fear campaign will never turn into facts, no matter how often he repeats it.

Mr ABBOTT (Warringah—Leader of the Opposition) (14:05): Mr Speaker, I ask a supplementary question to the Prime Minister. If the Prime Minister accepts that the United States can reduce emissions with direct action, does she accept that Australia can do the same?

Ms GILLARD (Lalor—Prime Minister) (14:05): I accept that it is in the interests of Australian working families to do this the most cheap way—that is what I accept. Consequently, on the advice that we have had from economists around the world—

Opposition members interjecting—

Ms GILLARD: Once again, no amount of shouting and bellowing by the Leader of the Opposition changes this simple truth. It is known to members of the Opposition frontbench. If the Leader of the Opposition wants advice on this he should swing his chair around and talk to the member for Wentworth. What the Leader of the Opposition well knows is that the cheapest way to cut carbon pollution is to put a price on carbon. That cannot be denied; it is the consistent advice of economists, and every living Liberal leader has accepted that—every living Liberal leader. Indeed the Leader of the Opposition has accepted too
that the cheapest way of cutting carbon pollution is to put a price on carbon.

I am very satisfied in saying to the Leader of the Opposition that here in Australia we will cut carbon pollution in the cheapest possible way. We will get the big polluters to pay and we will give money to Australian working families. The Leader of the Opposition wants to run endlessly a negative fear campaign to cover up his lack of policies. But, to the extent that he has a hastily cobbled together plan, that plan requires him to take money from working families and give it to big polluters—to take $1,300 per year from working families and give it to the biggest polluters.

I have got too much respect for working families to do that to them. We will ensure that we put a price on carbon, that we reduce carbon pollution, that we reach our minus five per cent target in 2020, that we do it in the cheapest possible way, that big polluters pay the price and that working families get the benefit of a tripling of the tax-free threshold, meaning that there will be one million people not in the tax system, that working families will see tax cuts—many of them around $300 a year—that pensioners will see pension increases and that people will see family payment increases.

I want to say one word of thanks to the Leader of the Opposition. I do thank him for the fact that at the Sydney Institute last night he verified with some certainty that if he is ever elected he will rip that money out of the hands of working families. It is there in his speech for all to see—tax cuts gone, family payment increases gone, pension increases gone and $1,300 ripped out of the hands of working families. That is what the Leader of the Opposition stands for. No amount of negativity will ever change those facts.
relations law of this country provides a proper principle of equal pay for working women who have been denied that protection for too long. There is no better example than the people who work in domestic violence shelters, with people with disabilities, in services for the homeless and in services for the mentally ill. There are thousands of these workers in our community and three-quarters of them are women. Nearly two-thirds have an industry qualification, compared to just over one-half in other industries, but on average they get paid $12,000 less a year than the average Australian worker. I am very pleased and proud that we have been able to work with their union, the Australian Services Union, as well as employers in the sector to go to Fair Work Australia and drive to get these workers equal pay.

In addition to getting these workers equal pay we want to make a difference to the nation's truck drivers. I think everybody knows that truck drivers work long and hard for the money that they receive. Working long and hard can sometimes mean that they end up with problems of speed, fatigue and dangerous work practices. Around 250 people are killed each year from heavy vehicle accidents and more than 1,000 people suffer injuries on the road. This industry continues to have the highest incidence of fatal injuries compared to all other industries, with 25 deaths per 100,000 workers, which is 10 times the average for all industries. We want to change that by ensuring there is a tribunal that can work with this industry so that truck drivers enjoy safe rates and Australians see safer roads.

Carbon Pricing

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (14:12): My question is to the Prime Minister. If the Prime Minister respects working families, as she now claims, why did she lie to the Australian people before the last election when she said, 'There will be no carbon tax under the government I lead'?

The SPEAKER: The Deputy Leader of the Opposition will reframe the question and withdraw the remark.

Ms JULIE BISHOP: I withdraw. My question is to the Prime Minister. If the Prime Minister respects working families, as she has just claimed, why did she mislead the Australian public by claiming before the last election, 'There will be no carbon tax under a government I lead'?

Ms JULIE BISHOP: I withdraw. My question is to the Prime Minister. If the Prime Minister respects working families, as she has just claimed, why did she mislead the Australian public by claiming before the last election, 'There will be no carbon tax under a government I lead'?

Ms JULIE BISHOP: I withdraw. My question is to the Prime Minister. If the Prime Minister respects working families, as she has just claimed, why did she mislead the Australian public by claiming before the last election, 'There will be no carbon tax under a government I lead'?

Ms GILLARD (Lalor—Prime Minister) (14:13): I am concerned—and this is really addressed to the staff members assisting the opposition—that they have brought in their question time pack from May or June or maybe August or September. I say to the opposition: your relentless negativity—

Opposition members interjecting—

The SPEAKER: Order! I would remind those on my left that they cannot expect immunity just because they act as a collective. I would have thought that, with a question having been asked, they would actually sit there quietly to at least listen to the answer, if they thought the question was worth asking.

Ms Roxon: Mr Speaker, I rise to seek your guidance on whether your warning to those on your left includes those in the advisers boxes.

Mr Dutton interjecting—

The SPEAKER: Order! The member for Dickson is warned, and, if he looks sideways, he will be named. He has the record for the
most number of standing order 94(a) ejections. He is always very careful when warned not to tempt the day, but I am watching him. I warned him yesterday and he knows that, if he wants to get a response properly from me, there is a way to do it. Last week I was told that a letter I sent to the Senate reminding them of my powers over the galleries applied to senators and was, in some way, directed to only a portion of the Senate. Well, it was not on that occasion. The warning I am about to give about my powers to deal with the galleries also applies to the advisers boxes. I expect all those in advisers boxes to sit there quietly. I can understand that they may not be able to do that when their employers sitting in the benches of the chamber cannot do it themselves. Everybody will sit here quietly. Those sitting in the public gallery should not be the only people in this room that are behaving. The Prime Minister has the call.

Ms GILLARD: Thank you very much, Mr Speaker. If we ever needed an example of the bluster and lack of substance of the opposition, we have just seen one. To the Deputy Leader of the Opposition, who asked the question, I say the following: how dare any member of the opposition come to the dispatch box and say the words 'working families'. How dare they after their record in government. How dare they after they imposed Work Choices on working Australians. How dare they ever utter those words. How dare they when their approach to any dispute, to any policy question—

Mr Abbott: Mr Speaker, I rise on a point of order relating to direct relevance. This Prime Minister misled working families before the election. She cannot run away from the question.

The SPEAKER: Order! The Chief Government Whip might like to remind members of his side that they are not immune from showing signs. I thank the member for Lyons, who saved the member for Hunter from having to do anything. The question was asked some hours ago and there is a response in progress. The Prime Minister knows her obligations under the standing orders. I will listen carefully to the response.

Ms GILLARD: Thank you very much, Mr Speaker. I was asked very directly about my commitment to working families and I am answering that question. I am doing that by saying that this is a Labor government committed to the interests of working families. That is why we killed the disgusting product—

Mr Abbott interjecting—

The SPEAKER: Order! The Leader of the Opposition will withdraw.

Mr Abbott: Mr Speaker, I did say 'her lies to working families' and I withdraw.

The SPEAKER: The Prime Minister.

Ms GILLARD: Thank you very much, Mr Speaker. Our commitment to working people has been demonstrated by getting rid of the hated Work Choices, beloved by the Leader of the Opposition and beloved by his deputy, and it will be back in five minutes if they ever have the opportunity to do so. Our commitment to working people has been demonstrated by the approach we took to rebuilding the nation after the summer of floods—opposed every step of the way by those opposite. Our commitment to working people has been opposed every step of the way by the Leader of the Opposition. Our
commitment to working people is shown by our commitment to working women and equal pay, something opposed by the opposition. We have added to that commitment today with a commitment to safe rates which will inevitably be opposed by the Leader of the Opposition. We are showing our commitment to working people by trebling the tax-free threshold—opposed by the Leader of the Opposition. We are showing our commitment to older Australians by increasing the pension—opposed by the Leader of the Opposition. We are showing our commitment to working families by increasing family payments—opposed by the Leader of the Opposition—and on and on and on the list goes.

Let me say this: there is no amount of negativity, there is no amount of fear campaigning, that changes some very basic facts.

Mr Simpkins interjecting—

The SPEAKER: Order! The member for Cowan is warned.

Ms GILLARD: This is a nation that has committed itself to cutting carbon pollution. The cheapest way to do that is through the government's scheme. The most expensive way of doing that is to do it the way the Leader of the Opposition, today, supports. This government supports putting a price that big polluters pay and putting money in the pockets of working families. The Leader of the Opposition actually supports the complete reverse, taking money out of the pockets of working families and giving it to big polluters.

Let me conclude by saying this: all of this pretence and fear campaigning is part of a grand cover-up that the Leader of the Opposition, like every other living Liberal leader, supports putting a price on carbon pollution. It is time he gave up this fear campaigning and just said it.

Mr Pyne: Mr Speaker, I rise on a point of order: I hesitated during the Prime Minister's answer to take a point of order, given the temperature of the chamber. It might have been missed by some members, but it was not missed by me: during the Prime Minister's answer she said that the opposition opposed the rebuilding of Queensland after the floods. I find that—

Government members interjecting—

Mr Pyne: That is a lie.

The SPEAKER: The member for Sturt will resume his seat. There are other procedures of the House that can be used if the member for Sturt feels aggrieved.

Mr Abbott interjecting—

The SPEAKER: Order! If the Leader of the Opposition has some submission he wishes to make to me, like the member for Dickson, the advice is the same: he can come to the dispatch box.

Ms Julie Bishop: Mr Speaker, I rise on a point of order: during the Prime Minister's answer she said that the coalition opposed equal pay for women. We do not and I take offence at that statement and I ask her to withdraw it.

Honourable members interjecting—

The SPEAKER: Order! The Deputy Leader of the Opposition will resume her seat. The member for Fowler will resume his seat. These points of order prove a matter I have tried to have addressed by the House: that question time is not a debating time and it would assist if debate was not allowed in the answers, because these are not matters for withdrawal on a personal basis; they are rather debating items. If, at some stage, I can get the agreement of political forces within this place that you would like to even the playing field of question time, we might be able to address these matters.
Road Safety

Mr HAYES (Fowler) (14:24): My question is to the Minister for Infrastructure and Transport. Would the minister update the House on what the government is doing to tackle speed, fatigue and dangerous work practices in our trucking industry?

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (14:25): I thank the member for Fowler for this question. This is a government that is committed to looking after working families and their interests and it is indeed a tragedy that every year around 250 people are killed in accidents on our roads that involve heavy vehicles. More than a thousand people are seriously injured in accidents involving heavy vehicles on our roads. Most of those deaths involve other vehicles in a collision with trucks. That is why this is an issue for all who travel on our roads, not just for those working men and women who deliver goods right around this vast nation. The road transport sector continues to have the highest incidence of fatal injuries compared with every other industry. Some 25 deaths per 100,000 workers—10 times the average for all industries.

I, as the minister, commissioned a report by the National Transport Commission that found that low rates of pay can lead to risky work practices by drivers trying to make ends meet. This followed a number of reports over the years, and I acknowledge the work done by the member for Hinkler and other members of this chamber in producing reports such as the House of Representatives report Beyond the midnight oil. These reports and studies have documented the risky practices, including speeding, taking drugs, driving long hours and risking accidents by not maintaining heavy vehicles.

This cannot continue and that is why the government will introduce legislation this week to establish a national road safety remuneration system, comprising a tribunal and a separate education and compliance framework. The tribunal will have the ability to set pay or pay-related conditions to ensure safe driving practices. The tribunal will begin work on 1 July next year and will include members from Fair Work Australia, along with independent work, health and safety experts. Truck drivers should not have to speed, overload their trucks, drive excessive hours or cut back on vehicle maintenance just to make a decent living.

These reforms are long overdue in the trucking industry and will improve safety in the industry. They have been welcomed by many senior people in the trucking industry, including people such as Lindsay Fox, who for many, many years has been a strong advocate, to his great credit, of better practices on our roads, because he wants to look after his workforce. He understands that good work practice is also good business practice. I pay particular tribute to those people in the Transport Workers Union and in bodies such as Linfox, the Australian Livestock and Rural Transporters Association and others who have been a part of what is a very long campaign to get this reform through.

We established a safe rates advisory group 12 months ago and we have been consulting every step of the way. This is a good reform. It is about better practice for this nation's truck drivers, but it is also about safer roads for all Australians. I call upon the whole chamber to support this reform.

Carbon Pricing

Mr TRUSS (Wide Bay—Leader of The Nationals) (14:29): My question is to the Prime Minister. Can the Prime Minister confirm that major economies like the
United States, whose greenhouse emissions make up 18 per cent of the global total, China, whose emissions make up 19 per cent, and India, five per cent, are all countries without an economy-wide carbon tax. Why is the Prime Minister introducing the world's biggest carbon tax in Australia, when we contribute just one per cent of global emissions and when Australian families are already doing it tough?

Ms GILLARD (Lalor—Prime Minister) (14:29): I thank the Leader of the National Party for his question. I do think that it leads people to question whether or not the opposition are still committed to reducing carbon pollution by five per cent by 2020, because the Leader of the National Party seemed to be implying in his question that, given Australia's size and scale, somehow we should not be acting. If that is what the Leader of the National Party is saying that is another position from the opposition. My understanding is that they started this morning supporting the minus five per cent target for 2020. If they have moved from that then that should be made expressly clear to the Australian people.

Assuming that they do still support a minus five per cent target, the question for our nation is: if we are going to reach that target, how should we do it and when should we start? Our answers are we should do it soon and we should do it in the cheapest way possible. We should do it by asking the biggest polluters to pay. We should do it by using that money to support Australian working families through tax cuts, many of them seeing tax cuts in the order of $300 a year, and pension increases, with many pensioners seeing that they will have more money in their pockets because the average impact on them of the flowthrough from carbon pricing is less than the amount that they will receive as an increased pension. We will do it by putting more money into the pockets of families through the family payments system. We will do it while supporting Australian jobs and we will be working with industries, like the steel industry and manufacturing, to support Australian jobs. All of these measures to support Australian jobs are opposed by the opposition.

I say to the Leader of the National Party, he needs to ensure that he is informed about action around the world in the form of carbon pricing. This action is being taken in the European Union and in New Zealand. This action will be trialled in provinces in China. This action is happening in states in the United States, including the economy of California, which would be in the G20 if it were a nation on its own account. We are seeing places like India putting a tax on coal in order to fund clean energy development. This is what is happening around the world as people are moving to reduce carbon pollution.

This has presented to our nation the question of how best to do it, and we have answered the question: getting the big polluters to pay and supporting working families. The Leader of the National Party either supports doing nothing—and that seems to be the implication of his question—or he supports the current stated policy of the opposition to rip money out of the hands of working families and give it to the biggest polluters. That is not right, it will not work and working families should not have to pay the $1,300 per year price tag that this Leader of the Opposition and this Leader of the National Party want to put on them.

Mining

Mr WINDSOR (New England) (14:33): My question is to the Prime Minister. It relates to the government's intention to form a national partnership agreement with the states and create an independent scientific
body to assess coal seam gas and large coal operations in priority areas. Prime Minister, given the agreement to have bioregional assessments done prior to extractive licences being granted, could you clarify the process envisaged for those companies in the transition period from exploration licence to extractive licence in those sensitive areas?

Ms GILLARD (Lalor—Prime Minister) (14:34): I thank the member for New England for his question and his preparedness to deal with issues like the minerals resource rent tax and putting a price on carbon based on the facts and expert advice—that is, to deal with the biggest issues that confront our nation at this time of change based on a sound public policy approach. The government is taking that sound public policy approach, and I thank the member for New England for taking a sound public policy approach. It is a refreshing change to what we so frequently see in this parliament from those opposite with their negativity.

To come to the member for New England's question, the government has announced—and the member for New England has been involved in this—that we are working to achieve a national partnership agreement where we will work with the states to strike a national partnership agreement and create an independent scientific body to assess coal seam gas and large coal operations, along with independent bioregional assessments. This is important because coal seam gas is part of the energy mix for our future. We will continue to be a nation that mines coal, so large coal operations will also be a part of our future. But there has clearly been concern from communities about the scientific backdrop—a lot of fear and alarm. I think it is important that everyone, including community members themselves, has the benefits of the best possible science.

As the federal government, we have shown through this government and governments in the past that it has traditionally been within the domain of the Commonwealth government to show scientific leadership for the nation with our great institutions like the CSIRO. We will be showing that scientific leadership through this new independent scientific body.

I was specifically asked about transition arrangements. Transition arrangements will be expedited through the establishment of this independent expert scientific committee. I have asked the Minister for Sustainability, Environment, Water, Population and Communities to expedite establishing an interim independent expert scientific committee which will come into effect before the full arrangements can be put in place. That will follow consultation with the states on membership of the committee. This will ensure that approvals for extractive licences can be informed by the interim expert committee as soon as it is operational. Transitional arrangements for proposed projects will depend on what stage in its development a project is in.

The EPBC Act already requires rigorous consideration of the science underpinning decision making, and this will continue. It is not expected that this will unduly delay projects. However, some approval processes will need to be extended to allow time for the independent expert scientific committee to prepare its advice. These measures are necessary to improve community confidence.

Projects which are already approved will continue as before. They will remain subject to the conditions already contained in their approvals. For coal seam gas projects that have been approved by the Commonwealth government in Queensland, the Commonwealth expert advisory panel has been in operation since May 2011, and this
panel will continue to advise the minister for the environment. So from those arrangements we will be getting on with the job as quickly as we can, as soon as we can, working with the states and also working with businesses so that there are not undue delays but there is the best possible science available to all.

**Women**

Ms PARKE (Fremantle) (14:38): My question is to the Minister for Employment Participation and Childcare and Minister for the Status of Women. What is the government doing to ensure that some of Australia's most vulnerable workers, many of whom are women, can expect better pay, conditions and economic outcomes?

Ms KATE ELLIS (Adelaide—Minister for Employment Participation and Childcare and Minister for the Status of Women) (14:38): I thank the member for Fremantle for an incredibly important question. We know that when we abolished Work Choices and introduced the Fair Work Act we made very clear our government's commitment to fair pay and fair conditions for all Australian workers. But it is also important to know that now, in 2011, there remains a substantial wage gap between men and women in this country; that right now 60 per cent of women who are retiring at the moment have absolutely no superannuation; and that women remain vastly over-represented among those who are reliant upon welfare in their retirement years, with over 70 per cent of those claiming the single age pension being Australian women.

Our government continues to tackle these issues with real reforms to ensure that Australian women do not get left behind. We know that the pay gap is in part due to the occupations that women have traditionally worked in being undervalued and poorly paid occupations. In fact, Fair Work Australia ruled earlier this year that community sector work is undervalued in part because it is viewed as 'women's work'. I do not think that anyone in this House would question just how hard and important are the jobs of the people who work with people with disabilities, of those who counsel families in crisis or of those support workers in domestic violence sectors. This is why, on this side, we stood proud as the Prime Minister announced that the Australian government would join with the Australian Services Union to ensure that these workers received a fair pay increase and pledged $2 billion to fund our fair share of this increase.

We know that this has real impacts. The sort of impact we are talking about with this funding is that a disability support worker could receive an extra $7,000 in their annual salary; that a youth outreach worker could receive an additional $12,000; and that a drug and alcohol counsellor could receive an additional $18,000. When 120,000 of the 150,000 community workers in this country are women, we know that this is a hugely important commitment not just for Australian workers but for Australian women.

On this side we stand united behind the Prime Minister's pledge, and you would hope that those opposite would be united behind their support for equal pay as well. However, we have seen another split from the opposition. We have seen the shadow minister for finance saying, 'We think that it is a very deserving cause, that it's a position that in government we would back.' Yet that is not supported by the shadow Treasurer, who has come out and said, 'There's a simple lesson here: don't spend money that we haven't got.' We believe that this is a worthy cause. Equal pay for all Australian workers is something where we have said we are prepared to find that money in our responsible budgeting initiatives. But we
also know that we should not be surprised by that, because this builds on the strong actions that this government has already announced to boost the opportunities and the participation of Australian women.

In tax reform we have announced plans to treble the tax-free threshold, which will put more money in the pockets of some 3.7 million women with taxable incomes under $80,000. This is particularly significant for the many women who are working part time. But, of course, also when it comes to superannuation reforms, as we have heard repeatedly from the Assistant Treasurer, the abolition of superannuation taxation arrangements for low-income workers will boost the retirement savings of some 2.1 million Australian women by $550 million in 2012-13 alone. In addition, the increase to the superannuation guarantee from nine to 12 per cent will ensure a 30-year-old woman will have an extra— 

**Carbon Pricing**

*Mrs PRENTICE* (Ryan) *(14:42)*: My question is to the Prime Minister. I refer the Prime Minister to the statement by President Obama in January 2008 that under a cap and trade system 'electricity rates would necessarily skyrocket.' Prime Minister, isn't that the reason why the United States has rejected a carbon price and will instead pursue a policy of direct action? Does the Prime Minister agree with President Obama?

*Ms GILLARD* (Lalor—Prime Minister) *(14:43)*: I thank the member for Ryan for her question. My recollection is that I have been asked it before in this parliament, with that reference to President Obama's words. But let me say to the member for Ryan, who may be recycling a question from the past, that the answer to her question is as follows. In making sure that the biggest polluters, who currently put carbon pollution into our atmosphere for nothing, pay a price so that we reduce carbon pollution and do not see that carbon pollution increasing endlessly because there is no incentive to reduce it, which is the situation now—in putting a price on carbon pollution—what we have then done is, through Treasury modelling, to model the effects. I know that modelling has been frequently misrepresented by the opposition, but the modelling that the member for Ryan may want to direct her attention to shows what the flowthrough cost of living impact will be for Australian families, including the impact on electricity pricing. You model all of that impact, as the experts at Treasury have. These are the same experts who advised the coalition, when they were in office, about things like the goods and services tax and got the modelling right.

Those same experts have advised that the flow-through impact for families will be 0.7 per cent as an increase to CPI—that is, it will be less than a cent in a dollar. Understanding that, what the government has done is ensure that we direct money from big polluters to working families. They will see that through the tripling of the tax-free threshold. That means that working Australians, some of whom are in the tax system now, will no longer pay tax. It also means that those working Australians—

*Mr PYNE*: Mr Speaker, on a point of order: the Prime Minister was asked if she agreed with President Obama that under a cap-and-trade system electricity rates would necessarily skyrocket. She has to say either no or yes to that.

*The SPEAKER*: The member for Sturt will resume his seat. On the final bit that should not have been added, I cannot dictate the manner in which the question is responded to. The Prime Minister is aware of the obligation under standing orders to be directly relevant to the question. I invite her to continue with her answer and relate her
material in a directly relevant way to the question.

Ms Gillard: I was asked about electricity prices and carbon pricing and I am ensuring that in providing that answer I am giving the facts for Australian working families. I understand that the question is asked as part of a fear campaign and a campaign of saying no. But I have got sufficient respect for Australian working families that when I answer a question like this I will go through the facts. I think they are entitled to the facts.

The facts are the biggest polluters will pay. The facts are the implication for families is a 0.7 per cent increase in the CPI—less than a cent in a dollar. The facts are that there will be tens of thousands of Australians, hundreds of thousands of Australians, who pay tax now who no longer will. The facts are that people who earn less than $80,000 a year will see tax cuts, many of them tax cuts of $300 a year. The facts are that people will see increases in their family payments. The facts are that people will see increases in their pensions. These are the facts. No amount of misrepresentation, no amount of shouting no, no amount of fear campaigning, no amount of any of this from the opposition changes those facts.

To the member for Ryan: if she wants to get correct information to people in her community it is available to them. She should not go around misleading them about the impact on electricity prices. The facts are available and she should be distributing those facts to her constituents.

Mr Pyne interjecting—

The SPEAKER: Order! The member for Sturt is warned. Today's homework is for people to read standing order 104(b):

A point of order regarding relevance may be taken only once in respect of each answer.

Mr Pyne interjecting—

The SPEAKER: Order! The Treasurer has the call.

The mineral industry

Ms Rowland (Greenway) (14:48): My question is to the Treasurer. Will the Treasurer outline for the House the importance of spreading the opportunities of the mining boom to create jobs right across our country.

Mr Swan (Lilley—Deputy Prime Minister and Treasurer) (14:48): I thank the member for Greenway for that very important question, because in the next 24 hours every member of this chamber will have the opportunity to stand up for working families and for small businesses in their electorate. If they do not, they will simply abandon them to cheap politics. Putting in place the MRRT is the way in which we can spread the opportunities of the mining boom to every corner of our country. It is a way in which we can ensure the resources the Australian people own 100 per cent are spread right around our country instead of just being sent overseas to overseas shareholders. This is a way in which all Australians share in the bounty of the mining boom. That is very important because it goes to the essence of what we are on about in this chamber and that is the creation of jobs in Australia. There is nothing that we on this side of the House are prouder of than the fact that we have created, over the past four years, 750,000 jobs in this country. We are proud of that. It is in our DNA. That is what the electorates send us here for—to put in place job creation.

Mr Crean: Your DNA's Work Choices.

Mr Swan: Their DNA is Work Choices and ripping off working Australian families. That is in their DNA.

Opposition members interjecting—

The SPEAKER: Order! The Treasurer has the call.
Mr SWAN: There is no greater engine room of jobs in our economy than small businesses. We have 2.7 million small businesses in this country and they employ a lot of Australians. Putting in place the $6,500 instant asset write-off is a big job generator for small business and a big job generator for our economy. If those opposite vote against a $6,500 instant asset write-off, that will be a very dark day for those in the party of Menzies who think they stand for small business—the party that Mr Menzies described as standing for the strivers, the planners and ambitious small businesses. That is where we stand on this side of the House. We stand for the strivers, the planners and those with ambition in our economy. That is why we stand for a significant tax cut to small business. But it is a measure of how negative those opposite have become. It is a measure of how far they will go to wreck sensible policy proposals that they could oppose a tax cut for small business. We on this side of the House also stand for working Australians and a big boost to their superannuation funded by the profits of 20 or 30 superprofitable mining companies and, by and large, supported by the mining companies.

The Leader of the Opposition gave a speech last night about economic policies. I would call it the magic pudding speech. He claimed he had fiscal discipline and then announced he was going to abolish a tax paid by the 20 most profitable companies in the country. He wants to spend more, save less and have bigger surpluses. That is a magic pudding and it shows how unqualified and unfit for office those opposite are.

Carbon Pricing

Mr BROADBENT (McMillan) (14:52): My question is to the Prime Minister. I refer to the admission last week by the Minister for Climate Change and Energy Efficiency that the Kyoto agreement has collapsed. I quote the minister: You have to look at the fact that Japan, Canada and Russia have said that they won't be in a second commitment period … That covers maybe 15 to 17 per cent at most of global greenhouse emissions of the second commitment period of Kyoto.

Why won't the government now revise the modelling for carbon tax, which assumes comparable carbon pricing in other major economies from 2015-16?

Ms GILLARD (Lalor—Prime Minister) (14:52): Thank you very much, and the answer to the question is very simple, because the modelling does not.

Opposition members interjecting—

Ms GILLARD: No amount of hysterical laughter changes the facts, as I have explained yesterday and today. I know that the opposition, in order to keep its fear campaign going, needs to keep twisting things, but these are the facts—and I assume that the member who asked me the question is genuinely interested in the facts. The modelling assumes two things. It assumes that nations match the lower end of their commitments. For Australia that is minus five per cent. That is what the modelling assumes. I am sure the member has been talking about this within the Liberal Party. There has been a campaign to try to distort this publicly, to keep providing grist to the mill of the fear campaign of the opposition, but those are the facts of the modelling, and no amount of shouting or asking or re-asking the same question, day after day after day, will change those facts.

I would also say to the member who asked the question: once again, just like the question from the Leader of the Nationals, there is starting to be an implication in these questions that Australia should do nothing. If there has been a change in the position of the
opposition—we know that some days the Leader of the Opposition backs in the miners' five per cent target; we know that some days he goes out to public meetings of Australians and describes it as crazy—then I think we should hear about that change.

I would also say to the member who asked the question that, as a long-serving member in this place, he may want to reflect on the fact that every living Liberal leader, including the Leader of the Opposition, has supported a price on carbon. He may want to have that conversation with the Leader of the Opposition, who is on the record as supporting a price on carbon, as is every one of his living predecessors. It is a longstanding Liberal Party position, backed by the Leader of the Opposition himself.

Mr Broadbent: I seek leave to table 'Australia with carbon pricing', page 111.

The SPEAKER: Is leave granted?
Leave not granted.
Honourable members interjecting—

The SPEAKER: The House will come to order. I want to clarify the way in which leave is given for the tabling of documents: it only requires one member to object to leave being granted and there is no leave granted.

Mr Broadbent: I'm shattered.

The SPEAKER: I'm sure that the member for McMillan will recover.

Mining

Ms HALL (Shortland—Government Whip) (14:56): My question is to the Minister for Resources and Energy and Minister for Tourism. Minister, how will the government's reforms to resource tax help working people and small businesses to benefit from the mining boom?

Mr MARTIN FERGUSON (Batman—Minister for Resources and Energy and Minister for Tourism) (14:56): I thank the member for Shortland for her question. In the next 24 hours, the House will get a chance to vote on a major piece of taxation reform in Australia. It actually goes to our capacity as a nation to spread the benefits of the resources boom that is occurring in Australia. Hopefully, despite the normal carping and negativity of the Leader of the Opposition, and his campaign to undermine the integrity of this tax, the House will support this key piece of legislation. I have reminded the House on numerous occasions that, yes, the coalition sought to talk down Australia as an attractive place for foreign investment.

There is no sovereign risk. Mining industry investment is expected to be around $80 billion in 2011-12 alone. Importantly, this investment is creating real jobs for Australians, with demand for new workers by 2016 expected, in the construction and mining sector alone, to reach 131,900 jobs. It is also enabling us to actually invest in the training of young Australians. The Banana Engineering Skills Training Centre at Biloela is a prime example of that. With a Commonwealth contribution of $2.5 million, it will give local young men and women apprenticeship opportunities which they would otherwise have been denied. These are real outcomes on the ground to the benefit of the local community—and, I might say, to the pleasure of their parents.

We are also about trying to assist the forgotten people in the mind of the coalition. Small business is the engine room of job growth in Australia. When the coalition votes against this key piece of taxation reform sometime in the next 24 hours, they will want to remember that this is what they are voting against. Many small businesses in their electorates will get the opportunity to put in place an instant write-off of small business opportunities for new capital equipment of up to $6,500. Importantly, this
instant write-off is not capped. It applies to as many assets as a business wants to buy, where each is under $6,500. It also means that around 720,000 incorporated small businesses will have a cut in company taxation a year ahead of the rest of Australian companies. This is what is at stake when the opposition determines to continue to vote against this legislation.

They are also saying to small businesses that, when it comes to the key resource companies—such as BHP, with a record profit of $22.48 billion for 2011, an increase of 86 per cent—they should not be allowed to spread the benefits by paying higher taxation to the whole Australian community. Fortescue Metals had an increase in profits of 76 per cent. Rio Tinto had a record $7.8 billion profit in the first six months of 2011, an increase of 35 per cent. Xstrata had a half-year profit in 2011 up 25 per cent—in essence, up 23 per cent in terms of the $16.7 billion in revenue.

So I remind the House that the coalition once prided itself in the mind of its founding father for standing up for small business. I quote from his foundation speech:

It is on the protection of small business that the growth of general business and employment largely depends.

We are seeking to assist the forgotten people: small business people who create jobs in Australia. The coalition should reassess its position and stand up for taxation reform and supporting working people and small businesses. (Time expired)

Carbon Pricing

Mr CHRISTENSEN (Dawson) (15:00): My question is to the Prime Minister. I refer the Prime Minister to evidence given at the carbon tax inquiry by Treasury officials, that they modelled:

... a scheme where countries make the same emission reductions as each other relative to their 'business as usual' path. So the analysis is that OPEC would reduce its emissions relative to its business as usual path by the same amount as Australia.

Is it really the government's assumption that countries such as Iran, Iraq and Saudi Arabia will reduce emissions by five per cent in 2020 and by 80 per cent in 2050?

Ms GILLARD (Lalor—Prime Minister) (15:01): My recollection is that I have been asked this question before. I am very confident I have been asked a question referring to Iran before, and the same answer I gave then is the answer that I will give now.

Mr Pyne: Mr Speaker, I rise on a point of order. To assist the Prime Minister, who is under the misapprehension she has been asked these questions before: firstly, she has not—

The SPEAKER: The Manager of Opposition Business will resume his seat. Clearly there was no point of order as I have ruled the question in order and invited the Prime Minister to respond. The Prime Minister has the call.

Ms GILLARD: Thank you very much, Mr Speaker. The answer to the question is the same as the answer has always been, which is that the way in which the member asking the question has just described the Treasury modelling is not right. As has been answered before in this parliament, there is not country-specific information the way the member puts it. We have had Iran pointed to in this parliament before, and it was clear then and is clear now that the modelling has been done on a different basis.

Let me be very clear with the member about the way in which the modelling has been done. The Treasury modelling makes two key assumptions about international action.
Mr Pyne: Mr Speaker, I rise on a point of order. I do not wish to test your patience, but the question was not about the Treasury modelling that has been asked about before. It was about the evidence given by Treasury in the carbon tax inquiry about the assumption—

The SPEAKER: The member for Sturt will resume his seat. The Prime Minister is responding to the question.

Ms Gillard: The next two words I was going to say were two 'key assumptions'. So the answer is as follows. The answer remains as it has always been. The facts are the facts, and no amount of negative campaigning from people without policies changes the facts. And the facts are as follows. The Treasury modelling makes two key assumptions about international action: first, that countries meet their low-end pollution reduction targets for 2020; second, that countries have access to international abatement. Looking at the meaning of those assumptions in the world in which we live—looking at Australia, for example, where we have given a pledge of minus five per cent in 2020—we are assuming that there is an effort that countries do meet the low end of their targets. We are also assuming that there is access to international abatement, and there is access to international abatement. That is because other places in the world have carbon pricing schemes to which you can internationally link.

They are the assumptions in the modelling. On day 2 of question time every question is based on a wrong premise. That is what happens when you have no policies and no plans. And there you are, trying to conjure, to continue a fear campaign. That is what you get reduced to.

Education

Mr Murphy (Reid) (15:05): My question is to the Minister for School Education, Early Childhood and Youth. Minister, would you update the House on the rollout of the government's schools reform program? Moreover, what barriers exist to these reforms and what would be their impact?

Mr Garrett (Kingsford Smith—Minister for School Education, Early Childhood and Youth) (15:05): I thank the member for Reid for his question. The fact is that this government has doubled investment in school education. It has upgraded facilities in schools all across Australia. It has provided a greater range of information for parents and the school community than ever before. This government has put education smack centre in the agenda that we have to make sure that every single student in Australia, regardless of where they live and regardless of how much money their parents earn, gets a great education.

We have introduced Australia's first national curriculum. We now have a national curriculum in English, maths, science and history. We have updated the My School website. There is more information on school finances and more information on student progress. We have invested $2.5 billion over 10 years so that every high school student in Australia gets access to a trade trading centre. Already, funding is benefiting more than 900 schools.

At the Southern Cross Catholic Vocational College in Burwood, money has been very well invested. I am asked about the barriers to this reform agenda, and the fact is that every single initiative of this government on education is met by a barrage of negativity from those opposite. It does not matter whether we talk about installing half a million computers in high schools—a program that will see over 780,000 computers delivered to Australian schools.
throughout this whole program—the opposition wants to cut this program.

The Leader of the Opposition last night again confirmed at the Sydney Institute that this program is up for the cut. Australian families must be wondering why the Leader of the Opposition does not want their children to have computers in schools, including the 15 schools in his own electorate, which I am sure have got those computers.

We have commissioned a review into school funding arrangements across Australia for the first time since 1973 and we have record investments in national partnerships across the states and territories, totalling some $2.5 billion. What are they about? They are about addressing disadvantage, improving teacher quality, and looking at literacy and numeracy—the basic building blocks that all our kids need to get the best out of their education. Again, these are the very things that the Leader of the Opposition wants to cut. Cuts to literacy and numeracy programs, cuts to breakfast programs, cuts to homework centres, cuts to teachers' salaries, and cuts to programs targeting Indigenous kids and kids from poor communities. This is the kind of agenda on education that the Leader of the Opposition is offering for us.

I have been very pleased that the government has been able to deliver new funding for students with disabilities—something we recognise is of huge concern to parents right around Australia. We are expanding the chaplaincy student welfare program and providing specific focus on Indigenous students. When Labor members and other members in the House go to schools for speech days and end-of-year events, they will be very proud, because they will see the biggest school modernisation program that has ever taken place. They will be able to talk to the school community about the record levels of investment provided by this government.

I wonder very much whether those opposite will actually have the honesty to say, 'We're against all of this.' We see the future on this side of the House as one of enabling Australian parents and their kids to get the best education they can and the best opportunities they can by providing the investment that we have over this period of time and making sure that every school is a great school and is a great—(Time expired)

Mining

Mr HOCKEY (North Sydney) (15:09):
My question is to the Treasurer. I refer him to his statement yesterday that he had not reduced his mining tax revenue estimates by $3 billion because the New South Wales government 'haven't told us what they're going to do'. I refer the Treasurer to this year's New South Wales budget papers which show the increase in state royalties. I refer the Treasurer to this press release from the Premier of New South Wales confirming the royalty increase. I further refer the Treasurer to the front page of the Daily Telegraph today saying New South Wales will be penalised for increasing royalties—seen by a million people. Treasurer, when will you come clean with the Australian people and explain where the missing $3 billion on the mining tax is coming from?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (15:10): They never fail to surprise. They have been around Australia saying that mining companies pay too much tax and that the federal government should not put in place a resource rent tax. They said that, because of our resource rent tax, mining would stop, investment would stop and jobs would be lost. That was the story they were telling the whole time until, suddenly, out of the blue, the Western
Australian government increased mining royalties. Did they oppose that? No. They thought: 'That's a good idea. It's not going to stop investment. It's not going to stop jobs.' And of course they continued, after the Western Australian government did that, to go around the country—

Mr Hockey interjecting—

The SPEAKER: Order! The member for North Sydney will resume his seat. The Treasurer, having had his introduction, will now relate his material in a directly relevant manner to the question.

A government member: He is building a case.

The SPEAKER: I appreciate he may, in his mind, be building a case. I want him to get to the case.

Mr SWAN: I was asked about royalties. The fact is that the review into taxation found that royalties were a very inefficient tax and that what Australia should do is put in place a resource rent tax to encourage the industry to expand and to encourage investment. They found that the application of royalties was particularly bad for those miners—

Mr Hockey: Mr Speaker, I rise on a point of order going to relevance. I would ask you to ask the Treasurer to answer the question: where is the $3 billion coming from—another tax, another levy?

The SPEAKER: The member for North Sydney will resume his seat. He does well with his point of order and then spoils it by debating. I remind him and I remind the Treasurer that the standing order now says that an answer must be directly relevant. On some occasions I have observed that, under relevance, we might get away with certain responses. There is a higher bar set to direct relevance. I again urge the Treasurer to make sure that his material relates in a directly relevant manner to the question. The Treasurer has the call and he will be heard in silence.

Mr SWAN: The New South Wales government has not specified fully the nature of their royalty regime. They have not done that as yet. For example, they said that it would not be paid by those who are paying the MRRT. That was one of the qualifications they put on it. We have not seen the detail from New South Wales about their inefficient royalty regime. It is a bit rich coming from the shadow Treasurer who has a $70 billion crater in his budget bottom line. He is asking me where $3 billion from New South Wales is coming from, when they have not said so themselves.

Mr Hockey: I seek leave to table the New South Wales budget papers which prove the Treasurer just got the answer factually wrong—

The SPEAKER: Leave is not granted. Order! The member for North Sydney will resume his seat. The member for Bass will resume his seat. And now the member for North Sydney will come to the dispatch box and withdraw.

Mr Hockey: I withdraw.

The SPEAKER: I thank the member for North Sydney. The member for Bass now has the call.

Families

Mr LYONS (Bass) (15:14): My question is to the Minister for Families, Housing, Community Services and Indigenous Affairs. Will the minister outline to the House the supports this government is providing to Australian families to help them give their children the best start in life? What would the impact of not providing this support be?

Ms MACKLIN (Jagajaga—Minister for Families, Housing, Community Services and Indigenous Affairs) (15:15): I thank the
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Member for Bass for his question. He knows that this Labor government is determined to do everything it possibly can to support families to give their children the best start in life. We know that Australian families take this responsibility very seriously, and so does this Labor government.

It is this Labor government that introduced Australia's first paid parental leave scheme—never delivered by those opposite. Now, as a result of us delivering this first paid parental leave scheme, 100,000 Australian families have registered for paid parental leave and their children, their newborn babies, are getting the benefit of paid parental leave.

It is this Labor government that is delivering on 1 January significant increases to family tax benefit part A for those families with older teenagers who continue on in secondary school—once again, never delivered by those opposite. Those opposite seem to think that when your child reaches 16 they do not cost as much—which demonstrates just how out of touch those opposite are with the needs of working families in this country. It is this Labor government that will make sure that Australian families with older teenagers who are still going to school will get up to around $4,000 extra, and that will start on 1 January.

This Labor government is delivering for Australian families and making sure that we support those families as they balance their budgets and as they care for their children. We are the government that understands that, for all Australian families, the most important thing that they can do for their children is be great role models by not only going out to work every day but also making sure that they show their children that this is the best way to be responsible in the future. And 750,000 more Australians have got a job because of this Labor government—something that we know is so critical to the future of children in this country. And it is this Labor government that will also make sure that, as we deliver a price on carbon, we also deliver increased support for families and increased support for Australian pensioners.

What do we hear from those opposite? All we hear from this Leader of the Opposition is that he wants to say no. He is saying that it is a 'blood oath' that he is going to take money out of the pockets of Australian families, out of the pockets of pensioners—because he wants to cut the pension increase and cut the family payment increase. All he can say is no, no, no. That is all he can say.

Government members interjecting—

The SPEAKER: Order! As unexpected as it might be that the member for Goldstein has a fan club on my right, they shall remain quiet, because he has the call and should be heard in silence.

Mining

Mr ROBB (Goldstein) (15:19): You are doing well, Mr Speaker. My question is to the Treasurer. I refer the Treasurer to the fact that prices for coal and iron ore have dropped by up to 20 per cent since September this year. Treasurer, given that the estimates of revenue from the mining tax are dependent on high prices for these commodities, will the mini budget crisis update contain a sensitivity analysis to show the budget's vulnerability to falling commodity prices?

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (15:19): There is only one crisis going on around here, and it is on the opposition front bench. They have a $70 billion crater in their budget bottom line. The shadow Treasurer went on television and confirmed it. The shadow finance minister has confirmed it publicly. They have a $70 billion crater and they want to
talk about fiscal discipline! Well, they have come to the right place, because we are absolutely determined to keep in place the fiscal discipline that has been a hallmark of our government.

What we need at a time of global uncertainty is consistency and very sound economic policy. We are determined to keep Australians in jobs. What we did during the global financial crisis was put jobs and good budget management right to the forefront of our economic policy. We kept this country out of recession, and we were opposed by them every step of the way. The consequence of that has been the creation of 750,000 jobs. Our GDP is six per cent bigger than it was prior to the global financial crisis because we handled that global uncertainty with good budget policy and sound economic management. What we are seeing in the global economy—

Mr Robb: Mr Speaker, I rise on a point of order on relevance. The Treasurer has not mentioned one word in answer to the question that I put to him about what sensitivity analysis, if any—other than the Mickey Mouse one he gave at the last budget—you will give, given that coal is to drop—

The SPEAKER: Order! The member for Goldstein will now resume his seat. Whilst the argument in his point of order can be ignored, the argument in his question, having been allowed, cannot be ignored, and the Treasurer used the first part of his response to deal with that.

But I remind the member for Goldstein, as I would remind, yet again, the Treasurer, that the standing order now is 'direct relevance'. It is not 'direct answer'. I cannot dictate how in fact the response will be put together. The Treasurer is aware of his responsibilities under the standing order, and I advise him to relate his material to the question, but in doing so, there is nothing so far that gives me great concern. I remind the Treasurer of the need to be directly relevant.

Mr SWAN: We will be producing by the end of the year our Mid-Year Economic and Fiscal Outlook. We will be doing it in the normal way but we will be doing it in very difficult global economic conditions.

Opposition members interjecting—

Mr SWAN: They are just demonstrating how they are incapable of understanding the international or national economies, Mr Speaker. The fact is that global growth has been revised down, and you have seen that again today with statements from the head of the IMF. That does have an impact on growth in Australia. You saw that through the Reserve Bank statement on monetary policy a couple of weeks ago when they revised down growth from four to 3¼ per cent. As a consequence, we are preparing our materials and forecasts for the Mid-Year Economic and Fiscal Outlook and, given the uncertainty, the hit to confidence and all of the impacts of the global financial crisis, that will have an impact on revenues in our Mid-Year Economic and Fiscal Outlook, and we will account for that in the normal way.

Yes, we will be having budget savings and, if those people opposite claim that they are responsible, they will be supporting them in this House. We are absolutely committed to bringing the budget back to surplus in 2012-13, because that is the right thing to do, sending a clear and consistent message about fiscal policy in an uncertain international environment and, given the fact that growth in this country is still around trend and given that jobs are our priority, we will present a very responsible document with all of the usual analysis.

Mr Robb interjecting—

The SPEAKER: Order, Member for Goldstein!
Mr SWAN: But implicit in the shadow finance minister’s question was yet again another rubbing of professional Treasury officials. Every time things do not go their way in the debate, what do they do? They go out and can the bureaucracy, the very people who provided professional advice to them, advice which they accepted in office for almost a dozen years. We will never do that. We will behave responsibly. You can go back to your wrecking style in this House. I will tell you what, it is not appreciated by the Australian people. Just saying no is not a policy. The Leader of the Opposition is all opposition and no leadership. There is no substance, just all bluff and bluster.

Health

Mr GIBBONS (Bendigo) (15:25): My question is to the Minister for Health and Ageing. How are GP superclinics providing better health care, particularly in growth areas and areas of workforce shortage? What would be the impact of cutting—heaven forbid—funding to this vitally important program?

Mr McCormack interjecting—

The SPEAKER: Order, the member for Riverina, who has been reasonably well-behaved and should sit there quietly.

Ms ROXON (Gellibrand—Minister for Health and Ageing) (15:26): I thank the member for Bendigo for his question because I know he is one of the very proud members of this House to have the Bendigo GP superclinic just opened in his electorate. His is the 19th superclinic that is fully operational, and it is providing extra GP services, nurses and allied health services in Bendigo and working very closely with the hospital services that are being provided.

Our GP superclinics program has provided over 630,000 services to patients across Australia. But last night the Leader of the Opposition again made clear that this program is a program that he is going to cut. As per usual, the only policy that the Leader of the Opposition had was to say no. He has a $70 billion hole in his own budget and he is intending to fill it by saying no to doctors, no to nurses, no to superclinics, and no to hospital services.

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Government members interjecting—

The SPEAKER: Order! Those on my right should be very careful! The members for La Trobe and Robertson, order!

Ms ROXON: It is very interesting that, although the Leader of the Opposition says no every time he is asked to provide support for health services, the members of his backbench and frontbench do not always say the same thing in their electorates.

Mr Baldwin: Tell us about Raymond Terrace.

Ms ROXON: So, my friend Member for Paterson, when the Port Stephens superclinic opened in his electorate, said to NBN Television:

This has my absolute support.

Interestingly, the member for Paterson has a second superclinic coming to his electorate, in Raymond Terrace, and he has been lobbying me to make sure that it goes exactly where he would like it to go.

Mr Baldwin interjecting—

The SPEAKER: Order, the member for Paterson!

Ms ROXON: So the Leader of the Opposition says no, but members of his frontbench say yes. I know that the member for Gilmore is sitting quietly there, but she happily attended, as she should as the local member, the opening of the Shellharbour superclinic, and she said that she believed these clinics were worth pursuing if they attracted services to doctor-starved regions like her own. So she says yes in her local
electorate, but here the Leader of the Opposition just says no.

What about the member for Parkes? Gunnedah used to be in his electorate. Unfortunately the redistribution has moved it, but the member for New England has been very appreciative. Mr Coulton said that this was a 'long-held dream' for the people of Gunnedah and 'an exciting model' and he paid 'tribute to Minister Roxon'. So although the Leader of the Opposition says no, the member for Parkes says yes.

The majority of these clinics are in coalition seats, and these clinics are being welcomed by local members, although the Leader of the Opposition still says no. Let me give you the latest edition. The member for Flynn told locals in Emerald of their GP superclinic—

Opposition members interjecting—

Ms ROXON: This is important. I think people should listen, because the member for Flynn said: 'Just for the record I have to say this. My party does not believe in super clinics but we do—we are in favour, we do stand with—we do support the Labor government and Minister Roxon and stand beside her in progressing these clinics and there is no-one more than myself who wants to see it work in Emerald.' So they cannot make up their minds which side of this they are on, because when it comes to health services the Leader of the Opposition just wants to say no and what he is proving is a leopard cannot change his spots.

Ms GILLARD: Mr Speaker, I ask that further questions be placed on the Notice Paper.

PRIVILEGE

Mrs BRONWYN BISHOP (Mackellar) (15:30): Mr Speaker, I have a serious question to you concerning a possible breach of privilege. You will recall that, in his tabling speech, the Assistant Treasurer said of the superannuation bill attached to the mining package:

And this bill abolishes the superannuation guarantee age limit.

Of course, it does not. But the Assistant Treasurer has put a doctored version of his second reading speech on his website which says:

And this Government will abolish the Superannuation Guarantee age limit—

which is not what is in his tabling speech, which is the speech of record. Again, on 17 November, he went on Alan Jones's program and said:

We've got a bill which currently says that up to the age of 75 now you can get paid and, in my speech, when I was proposing that in the parliament, we have actually said we're going to amend it and just abolish it …

That was not what was said in the second reading speech at all. Alan Jones said:

If you're working, you're entitled to super—simple as that … I agree. Well done.

In other words, Mr Shorten is trying to continue to mislead people that that tabling speech, which is part of the legal record for a court to consider, has remained unamended. Yet the minister is out there in the public domain trying to say that he said a different thing in his speech. My question to you, Mr Speaker, is: how do we get the record corrected; and, if there is no way that it can be, should the matter be referred to the Privileges Committee as a contempt of the parliament?

The SPEAKER (15:32): Order! I will investigate whether a prima facie case of a matter of privilege has been presented to me. I will not make preliminary remarks. Suffice to say that I thought we had dealt with this matter when it was last raised. If the member for Mackellar wishes to provide me with the documents that she has quoted from, we will
handle it in that way, and I will report back
to the House in the normal fashion.

**QUESTIONS TO THE SPEAKER**

**Questions in Writing**

Mr MORRISON (Cook) (15:33): Mr
Speaker, in accordance with standing order
105, replies to written questions unanswered
have been on the Notice Paper for more than
60 days. I ask you to write to the Minister for
Immigration and Citizenship seeking reasons
for the delay in answering questions in
writing Nos 433 and 550.

The SPEAKER (15:33): I will do as
required under the standing orders.

**Question Time**

The SPEAKER (15:34): In error, I may
have misled the House earlier in the day
when admonishing the member for Dickson.
The admonishment was effective, which I
think we all agree. But, in indicating that he
had been warned under standing order 94(a)
more than any other member, I may have
been thinking about history. First of all, I
would indicate that I have taken it over both
this parliament and the last parliament, and,
in any way you stack the figures up, it would
appear that one of his frontbench colleagues
in the opposition holds that record.

Mr Dutton: And four to one, Mr
Speaker, if you don't mind!

The SPEAKER: Now, by interjection,
the member for Dickson is indicating it is by
a rate of four to one. I cannot believe that the
member for Sturt could be that bad! But
anyway.

**PERSONAL EXPLANATIONS**

Mr BALDWIN (Paterson) (15:35): Mr
Speaker, I wish to make a personal
explanation.

The SPEAKER: Does the honourable
member claim to have been misrepresented?

Mr BALDWIN: Absolutely.
categorical statement that we all support the rebuilding—

The SPEAKER: The member for Fadden will resume his seat.

DOCUMENTS

Access to Committee Reports

The SPEAKER: Pursuant to the resolution of the Senate on 6 September 1984 and the House of Representatives on 11 October 1984, I present a report on access to committee documents.

Report of the Auditor-General


Ordered that the report be made a parliamentary paper.

Presentation

Mr ALBANESE: Documents are presented as listed in the schedule circulated to honourable members. Details of the documents will be recorded in the Votes and Proceedings and I move:

That the House take note of the following documents:

Anti-People Trafficking Interdepartmental Committee—Trafficking in persons: The Australian Government response—Report for the period 1 July 2010 to 30 June 2011.


Safety, Rehabilitation and Compensation Amendment (Fair Protection for Firefighters) Bill 2011—Supplementary explanatory memorandum.

Debate adjourned.

MATTERS OF PUBLIC IMPORTANCE

Mid-Year Economic and Fiscal Outlook

The SPEAKER (15:38): I have received a letter from the honourable member for North Sydney proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The urgent need for the government to release the Mid Year Economic and Fiscal Outlook for parliamentary scrutiny.

I call upon those members who approve of the proposed discussion to rise in their places.

More than the number of members required by the standing orders having risen in their places—

Mr HOCKEY (North Sydney) (15:38):

When I was in year 8 at school, Father Lake Smith used to come into religion classes and say, ‘Okay boys, we want you to read the acts of the apostles.’ I remember reading about this fellow called Saul—or Paul the Apostle—who travelled to Damascus in order to try to capture, imprison and potentially execute people who were following Jesus. And, of course, on the way he had a conversion.

My father, who was born in Bethlehem, told me: ‘You usually get quite a few people walking that great road to Damascus as Christmas approaches.’ And as Christmas approaches I hear Wayne Swan talking about a surplus. I hear the Treasurer talking about savings. I hear the Treasurer talking about reducing expenditure. On that well-travelled road to Damascus we now have a new trekker who has come down from the mountain and found in his heart that, yes indeed, if you reduce government expenditure you can take upward pressure off interest rates, you can ease the upward
pressure on the Australian dollar, you can take some pressure off inflation from imports and, goodness me, do you know what? When the world is in trouble with too much debt the solution might just be to start reducing government debt.

An opposition member: Epiphany!

Mr HOCKEY: It is. The light shines. The path to Damascus is well trodden. Now we have a Treasurer who has found religion, except he won't tell us exactly what it is. He won't explain exactly what it is because he briefed Laura Tingle—someone who obviously is not very fond of our side of politics—that this was going to be a major economic statement dealing with a crisis. In fact, it would be mini budget.

Mr Morrison: Mini budget?

Mr HOCKEY: Yes, he did. He effectively said that. I am sure he did. Out of all of that, he is now running a hundred miles away. I want to remind the people of Australia what the Treasurer said just a few months ago about getting the budget back to black—this was in the budget speech. He said: 'We'll be back in the black by 2012-13, on time, as promised. The alternative—meandering back to surplus—would compound the pressures in our economy and push up the cost of living for pensioners and working people.' I am sorry that the Assistant Treasurer is not here. He is the one who said, 'That wasn't really a commitment, that was a guiding principle.' It was the Prime Minister who said that that is 'an objective'. It was the Treasurer who said, almost, that it is a wish and a hope and a prayer.

Now they have found religion. This is after Labor inherited a $20 billion surplus, more than $45 billion in the bank. They inherited an economy with no net debt, and over just four years this government has accrued $150 billion of deficits, or more than $200 billion of gross debt, and the government expects us to believe that they are going to serve up a sustainable surplus on the back of real budget cuts. Let us be very clear. The coalition will hold the government to account on the issue that matters: government spending. They used to talk about the last year of the Howard government as being a big-spending government. They said we spent so much of that mining revenue that there was nothing left. There was: a Future Fund, a surplus in the bank and no net debt. But they said we were a big-spending government. We were at 22.9 per cent of GDP. That is what the federal government under John Howard had in its last year: 22.9 per cent of GDP.

The next year, under Labor, it went from 22.9 to 25.2 per cent. The next year it was 26.2. The next year it was 25.2 and then 24.5 and then 23.9. Nowhere in the forward estimates does it at anytime show that the Labor Party spends less than the last year of the Howard government, which the Labor Party claims was profligate. And that does not include the carbon tax. It does not include the $31 billion of expenditure on the carbon tax, which, mind you, is only going to raise $27 billion.

How can the Labor Party introduce a new tax and leave the budget worse off? Only the Labor Party can do that! They are introducing a carbon tax that leaves the budget $4 billion worse off and they are introducing a mining tax that is leaving the budget more than $6 billion worse off.

When it comes to the mining tax—I am sorry our friends in the media are not here to follow this up because I think it is a pretty important point—not only has the Treasurer claimed that the royalty increases in New South Wales and Western Australia do not exist, but specifically in relation to New South Wales he said that the New South Wales budget papers say that the increase in
royalties will be paid by those companies that are not liable to pay the mining tax. In fact, the budget papers say that the royalty increases will be paid by those that are liable to pay the mining tax. So he does not even understand the issue.

In terms of the $8 billion net of the $11.1 billion that is expected to be raised by this mining tax, one of the biggest miners of iron ore in Australia says that they are not going to pay a dollar. What's more, they took out full-page ads saying that the Prime Minister's mining tax does not add up. They have advised their shareholders—with significant legal ramifications under the Corporations Act and the listing rules of the Australian Stock Exchange, including the risk of significant fines for the company and disqualifications for directors that deliberately mislead their shareholders—and Fortescue Mining has taken out nationwide ads to say that they expect to pay between zero and $20 million in total mining tax over the next three years.

Where is the money coming from to pay for $14 billion of expenditure? Labor introduce a tax and then go and spend it all. But they do not just spend it all; they spend a whole lot more on things such as the GP superclinic that failed in Redcliffe. You must be proud of that, sister!

Ms Roxon interjecting—

Mr HOCKEY: You must have had your hands all over that Redcliffe GP Super Clinic. But it gets better! The Labor Party always promise but never deliver. In 2010-11 they said they would have a budget deficit of $40 billion and it turned out to be nearly $50 billion. In 2011-12 they said they would have a budget deficit of $13 billion; it turned out to be $22.5 billion. This does not surprise because the government keep using enhanced figures. I refer to an interview I had with Laurie Oakes on 12 May 2009 in which I said:

No, no one's treating that seriously, Laurie. Both the International Monetary Fund, which the Government is fond of quoting, and the Reserve Bank, which the Government is fond of quoting, both said it will be a slow recovery and yet in the budget papers they are projecting not only a trend growth but above trend growth and not just for two years but their assumptions of getting out of deficit and debt is based on seven years, an unprecedented growth period in Australia’s history.

Laurie Oakes replied:

But it’s Treasury that produces the figures saying that we’ll be growing at the 4.5 per cent again within a couple of years. Are you saying Treasury is wrong or have they been leaned on?

I said:

Well we’ll be very interested. We’ll ask a lot of questions about this because Treasury’s assumptions are not in accordance with what the Reserve Bank or the IMF are saying.

In financial crises, as the IMF and the Reserve Bank said, the recovery is almost always slower. But this mob, with a desperation to get to surplus that their bodies cannot match, turn around and expect—they set it in the budget forecast—4½ per cent growth. That is well above the trend of three per cent. They said that that is how they are going to surf back—on the basis of higher revenues.

Now we have the Treasurer saying, 'Hey, guys, sorry. Revenues are not quite what we forecast.' What a surprise! Growth is not what they forecast. Do you know what this government is doing? This government, as usual, is playing games with the truth. This government, as usual, is not telling the truth when it comes to the real impact on the Australian economy of the events in Europe and the continuing uncertainty that it is going to have on capital markets. At the same time, this government is not telling the truth about
the state of the budget. We have now had a series of reminders that this is a government that gets the numbers wrong. On the BER there was a $1.7 billion blow-out—up to $8 million wasted. On pink batts there was $2.4 billion wasted. There were $900 cheques going to people who were dead or living overseas. How did that stimulate the Australian economy?

There was the laptops in schools program, which the minister for education was just boasting about. How good is that program? It wasted $1.4 billion. In the solar homes program there was an $850 million blow-out and the program was cancelled. For the green loans program there was $300 million wasted and the program was cancelled. There was the $4 billion broadband network—$36 billion and growing.

The fundamental point—Labor has found religion!—was given to us by the Minister for Finance and Deregulation last week. I felt as though I was listening to myself, apart from the fact that she is female and in the Labor Party! She said:

... when you have a sensible, credible fiscal strategy, you give the Reserve Bank the room to move on interest rates.

That is what we have been saying.

All these promises that Labor has been making over the last few months involve more spending. This is what we are going to look for when MYEFO comes out. We know that there is at least a $2½ billion to $4 billion hole in the mining tax revenue and associated expenditure. We know that not only are people claiming that they are not going to pay the mining tax, but the government have to rebate royalties of $3 billion from New South Wales and Western Australia.

We also now know that the National Disability Insurance Scheme which the government has promised to introduce will cost $1.5 billion over the forward estimates. That has been announced since the budget in May. Net costs over time will increase to $6½ billion a year. We will be looking for that money when MYEFO comes out.

The government has now confirmed, in answer to a question from my colleague and friend the member for Cook, that they no longer consider, for budget purposes, the Malaysia solution to be in place. Therefore, they now have to account properly for asylum-seeker blow-out costs. In the May budget this year there was a $1.75 billion blow-out. That was for one year. Now the boats are coming and they have to account in the forward estimates for the failure of the Malaysia solution.

The government has also said that there is going to be a $2 billion increase in pay over six years for 150,000 community sector workers. But they have neglected to add that the states have to match that and that the states have now refused to do so. In foreign aid, the government has said that it maintains its commitment to the 0.5 per cent of GNI increase in foreign aid. This will increase foreign aid significantly over the next few years and may well cost $6.7 billion.

All these additional government spending commitments need to be funded. Of course, Labor always play games. We know that they have already moved funding into this year. They moved funding into this year from next year so that they could get it out the door, make the deficit worse this year, claim that it is the European financial crisis and so reduce their expenditure for just one year.

The bottom line is that Labor does not have the ticker to take the hard yards, Labor does not have the ticker to reduce government expenditure and Labor does not have the ticker to tell Australians that we have to live within our means and then to
live within their means as a government. The bottom line is that we are going to hear lots of words about deferral of projects, delay of projects and urgently needed projects being brought forward, but we know about Labor that all you can be sure of is that there will be more regulation and more tax—and there is not a country in the world which has become more prosperous with more tax. (Time expired)

Dr EMERSON (Rankin—Minister for Trade) (15:53): The shadow Treasurer in his opening remarks referred fondly to his time in the eighth grade, and he has just demonstrated why his time in the eighth grade was the best three years of his life! The fact is that the Mid-Year Economic and Fiscal Outlook is a standard document. The opposition must have short memories—the previous government brought down 12 MYEFOs. This year will be no different. The government will build on the $80 billion of savings that it has already achieved, and of course the government will take the responsible pathway back to surplus.

We have seen here today and in the Leader of the Opposition's address last night to the Sydney Institute an attempt by the opposition to manoeuvre and pivot away from being seen to be negative all the time—always saying no—and towards being seen as a government in waiting, with the opposition leader would like to present himself, a leader in waiting. The reason they are seeking to pivot away from their relentless negativity is that the voters have come to understand that the opposition leader is a 'one-trick Tony' who says no, no, no, no and no. His relentless negativity is precisely why, in any opinion poll, you will see the verdict of the Australian people being delivered on the opposition leader. He is a one-trick Tony who says who says no, no, no, no and no.

If you think of both the address that has just been given and the address given by the opposition leader last night, it is clear that this new strategy—this new manoeuvre; this pivot—is designed to instil in people a perception that there is some sort of crisis in the Australian economy by talking the Australian economy down. This opposition would rather see Australia fail than see the Labor government succeed, so its latest manoeuvre is to talk the economy down. But we know that the opposition itself lacks all fiscal credibility, and I will explain why in a moment.

The opposition has run its course on carbon pricing. We know that the oxygen has been exhausted from that campaign, and we are witnesses to the fact that, even at the time when the opposition leader should have been here, he scurried off to Europe to join a Conservative conference. So now, when those opposite have run out of oxygen—run out of thoughts other than saying no, no, no, no and no—they think, 'It's time for a new scare campaign; we'll generate a sense of economic crisis by drawing linkages with the Eurozone crisis.' This, of course, comes from the same opposition leader who, when he is overseas, describes the Australian economy as the envy of the world. Here are the terms in which the opposition leader is seeking to generate a sense of crisis. Last night in his speech to the Sydney Institute he said:

The turmoil in Europe is largely a function of governments consistently living beyond their means …

Australia now faces a crisis mini-budget because the government has ignored these disciplines.

… Australia’s recent fiscal performance has been scarcely better than that of others facing much worse circumstances.

The opposition may seek to talk the Australian economy down in order to create a sense of crisis, but let us look at the facts. Australia's net debt will peak at 7.2 per cent
of GDP, which is one-tenth of the net debt peak of the advanced countries as a whole. US net debt will hit 89 per cent of GDP, UK net debt will hit 78 per cent of GDP, Japanese net debt will hit 167 per cent of GDP while Australian net debt will hit 7.2 per cent of GDP—so much for the asserted crisis! We have a AAA rating, which, again, is the envy of the world. Standard and Poor's says that Australia has 'exceptionally strong public sector finances' underpinned by 'low public debt and strong fiscal discipline'. Standard and Poor's noted 'the sound profile of Australia’s public finances, which remain among the strongest of its peer group'. Moody's said that our government debt remains among the lowest of all AAA rated governments. The International Monetary Fund said that it:

commended the authorities' commitment to consolidation to increase fiscal space and support monetary policy. The planned consolidation is faster than in many other advanced economies and is more ambitious than earlier envisaged …

So there you have it—glowing references from the rating agencies and the International Monetary Fund. Yet, back here at home, the opposition leader is trying to create a sense of crisis because he thinks he may profit politically from doing so.

The situation in the various economies of Europe vindicates the Coalition’s consistent critique of the Rudd/Gillard government’s polices.

Let us look at the effect of the Rudd-Gillard governments' policies: 750,000 jobs have been created since Labor came to office, proving once and for all that we are the party of the working men and women of this country. We support jobs. It is our top priority and three-quarters of a million jobs have been created under this government. The unemployment rate, at 5.2 per cent, is about half that of Europe and the United States: the UK unemployment rate is 8.3 per cent, the US rate is nine per cent and France's rate is 9.6 per cent. And, of course, there is more to come, because there is a pipeline of $430 billion of job-creating investment in this country, and we have an underlying inflation rate which has caused the Reserve Bank to be comfortable about lowering the cash rate because it is at the lower end of the Reserve Bank's band of acceptability.

So, when we talk about economic performance, look at the facts. Do not listen to an opposition leader who thinks he can profit politically by seeking to create a sense of crisis. Of course, when he goes overseas, he says:

On the face of this comparative performance, Australia has serious bragging rights. Compared to most developed countries, our economic circumstances are enviable.

So we have the opposition leader, when he is overseas, saying that Australia's economic performance is the envy of the world and, when he is back here, seeking to fabricate a sense of crisis by saying that there is some sort of crisis mini-budget in a MYEFO that has been brought down since virtually time immemorial. The government has a sound, responsible record on the economy and will be returning the budget to surplus. But it is time that the opposition were held to the same standards.

As we know, when the coalition costings were finally—after the election—subjected to costings by Treasury and finance, what did they find? They found an $11 billion black hole. It is little wonder that the coalition refused to submit its promises to the Treasury and finance under the Charter of Budget Honesty, which was created by the previous Treasurer, Mr Costello. They would not abide by their own disciplines. Then, of course, we found that the opposition had
admitted that it has a $70 billion black hole—not $11 billion but $70 billion. During question time, when it was asserted on our side that the shadow Treasurer had accepted there was a $70 billion black hole, he denied it. He shook his head and denied it. Who said, "Finding $50, $60 or $70 billion is about identifying waste, identifying areas where you do not need to proceed with programs?" It was not anyone on our side of politics. It was the shadow Treasurer. And he was backed up by the shadow finance minister, who at least had the integrity to admit they have a $70 billion black hole when he said:

The $70 billion is an estimate of the sort of challenge that we will have.

That is what the shadow finance minister said, but of course this is very worrying to the opposition leader because he is terrified that this information got out. So what did he do? He said:

Well this $70 billion figure is a fanciful figure. It’s plucked from the air by government ministers.

Really? You have the shadow finance minister saying it was there and then in response to that—because that statement by the opposition leader was made on 25 August—on 4 September the shadow finance minister repudiated his leader when he said:

No, it's not a furphy. We came out with the figure, right?

Right! You are right, because you do have a $70 billion black hole and it keeps getting bigger. When you have a $70 billion black hole, the first thing you should do is stop digging, but they have kept digging—and the man who was not in the telephone conversation will be the next speaker in this MPI. The coalition, in a telephone link-up, deliberately omitted the shadow finance minister when they said that they would actually back the superannuation increase from nine per cent to 12 per cent. Knowing full well that that would add to the $70 billion black hole and knowing full well that the shadow finance minister would have said no—and this time that would have been the right answer—they kept him out of the loop. ‘Sources close to the shadow finance minister’—read ‘the shadow finance minister’—said he was 'ropeable'. And why wouldn't you be ropeable? You have the opposition leader spending like a drunken sailor, adding to the $70 billion black hole, and then they come in here and bring on an MPI saying, that the government needs to find some savings.

We are finding savings, but the $70 billion hole is getting bigger and bigger as they keep digging deeper and deeper. It means huge cuts to health and huge cuts to education, and that is why the health minister outlined some of the programs that would be cut by the opposition if they were even to start filling that $70 billion black hole. That is why the minister with responsibilities for schools said, ‘Of course they are going to cut the guts out of education.’ It is because that is what the coalition always do. They do not like the idea of education for working people. They do not like the idea of education for the underprivileged. No, it will go back to the top, where the fact that you are born into wealth means you have a chance in life. But if you are born into poverty you have got no chance. That is the philosophy of the coalition.

Then, of course, they went on to extend their fiscal recklessness to broader economic recklessness and irresponsibility. We were here and we watched the frontbench on the other side criticise the government for saying it would support an International Monetary Fund request for extra loan funds. Then, when there was a huge backlash from the business community, they said, 'Oh no, we are not against that.' We had this same
shadow Treasurer saying that Australians will be asking what the Prime Minister's priorities are, when she is prepared to give Australian taxpayers' money to the IMF to help the eurozone. This is economic vandalism writ large.

We then had the shadow Treasurer talking about the mining tax. He said the problem with the mining tax is that Fortescue will not pay any tax, the problem with the mining tax is that there will not be enough revenue. What did the opposition leader say about the mining tax? He said that it is 'almost guaranteed to kill the mining boom stone-dead'. So a tax that does not collect any revenue is going to kill the mining boom stone-dead, when we have $430 billion of investment in the pipeline? I would not call that stone-dead. I would call that a boom—an investment boom.

They say it won't collect any revenue but will kill the mining boom stone-dead! This is the only person in Australia, bar two other miners—who are not the large companies—who actually believes that the mining industry is paying too much tax. What he wants to do is take that money off small businesses and give it back to the large mining companies that would pay the taxes. They say, 'It's all right, we don't want it.' 'No, you've got to have it, because we want to shaft small business, we want to shaft working people in this country.' Is it any wonder that some of the up-and-coming members of the coalition who have a view, who have an economic framework, who actually believe in markets, who believe in competition are in despair? The member for Higgins, who is sometimes even referred to as a future leader, is here in the chamber—and I thank her for coming and listening to an incredibly eloquent speech! Well, you have got no future with this lot, because they are going to block any progress. You and the member for Mayo and the member for Kooyong—all of those people who actually believe in something, believe in markets—are going to get nowhere under an opposition leader who said that he worshipped the water that Bob Santamaria walked on. I will leave the last word to the former Treasurer, Mr Costello, who said of the opposition leader:

He used to tell me proudly he learned all his economics at the feet of Bob Santamaria. I was horrified.

Well, guess what? We are too. We are horrified at the fiscal recklessness and the economic stupidity of the opposition and the opposition leader of this country.

Mr ROBB (Goldstein) (16:08): The shadow Treasurer, with his reference to Saul, reminded me of my childhood and the nuns in year 7 telling me about the prodigal son. The prodigal son was given charge of much of the family's wealth. But over several years he went on a spending spree—reckless spending, endless waste. That was the prodigal son. We have a Treasurer who was given charge of all the country's wealth. He is Australia's prodigal son. The Treasurer is Australia's prodigal son and he has gone on a spending spree. Despite endless denials and despite endlessly talking about fiscal discipline, a spending spree continues.

That is why there is a need for a crisis mini-budget. They leave you with the impression that they have fiscal consolidation. It is called statistical gymnastics. If you bother to have a look at the facts, as the Prime Minister is often reminding us—although she doesn't follow her own advice—this government brought down its first budget with a four per cent real growth in spending. That was pretty hefty. But let us say that is the reference point—$272 billion was the first budget of Australia's prodigal son. The next year we saw 12.7 per cent real growth—12.7 per cent is unprecedented—to $316 billion. The next year we saw another 4.2 per cent real growth...
to $337 billion. Then we had 0.7 per cent real growth, less than one per cent. But of course it is on top of this mountain that they have spent the two years before. So they have $349 billion and the following year another one per cent, $362 billion. We keep hearing about them being fiscally responsible. Yet they have not taken one dollar off the mountain of expenditure that they spent in 2008-09 and 2009-10. At least $90 billion in four years. It is not a one-off; every year now forever they will have built in an extra $90 billion.

He's scurrying off now! He doesn't want to hear the facts.

Dr Emerson: I'm back!

Mr ROBB: He has been shamed back into it.

Dr Emerson: I was putting some rubbish in the bin.

Mr ROBB: This is a situation not unlike a family that was spending $1,000 a month living within its means on groceries and then they have a brain snap and for two months they increase their spending on groceries by 20 per cent to $1,200. Then they increase by only one per cent for the next two months. They are still well over $1,200 and still over $200 a month more than they can afford. This is what we have got with our prodigal son, the Treasurer. The prodigal son has spent all the money. He has gone on a spending spree—and the waste!—and we are still left with the bill. He is still spending at that rate. This is the only difference between the real prodigal son and the Treasurer: the Treasurer is still spending at the rate he was when he was out on the town, when he was spreading his largesse around cities, when he was acting in an irresponsible and wanton fashion, when he was giving in to all sorts of inducements.

This is why the government needs to release its crisis mini-budget—its Mid-Year Economic and Fiscal Outlook—and why it needs to be done in this chamber. We need to have this level of scrutiny, not a few one-liners in the media that night about fiscal consolidation and fiscal discipline. We need to be able to expose the real facts about this government's spending patterns. These are the things that have spooked households all over the country. This is why savings amongst households is above 13½ per cent. They are fearful of what is lying ahead. They can see dark clouds outside of Australia. They are dark clouds we have got no control of—I acknowledge that.

But when you see dark clouds—when you see threats—you take action to mitigate the dangers. If you see threats you do what you can to mitigate and to lessen the dangers.

Not this government. We have the prodigal son, who has gone off and spent and spent, and is still spending at the rate that he was when he was off on his wanton ways. This has led to the crisis of confidence not only in households, which are saving like there is no tomorrow, but it has also led to the lack of investment. There is a lot of money in companies' balance sheets—they are not spending. Outside of mining, they are not spending. Manufacturing has lost 135,000 jobs and small business has lost 300,000 jobs.

Dr Emerson: Give them a tax break!

Mr ROBB: What do you think about jobs? What do you think about jobs for working families? Where are the working families in manufacturing and in small business? You cannot stand up here and say that you believe in and support working families when you have lost 435,000 jobs in manufacturing and small business in your term of office. You hypocrites! That is what you are. You stand up there and say one thing and do the other.
We have seen it endlessly. We saw it again today in the House. The government tell us that they have everything in good shape: 'Don't worry about what's going on in the rest of the world—we're better off than the rest. We don't have any threats to us.' Then you look at the structural deficit—I bet that half of them would not even know what a structural deficit is. It happens to be the level of spending commitments that will go on regardless of the revenue. A structural deficit is one where you have expenditure which goes on and on. It is a long-term commitment. The trouble is that the structural deficit in this country has relied on 140-year high levels in—

**Mr Shorten:** Terms of trade.

**Mr ROBB:** Terms of trade—thanks, Bill. You are really on the mark. He is very quick witted. We have 140-year highs. The trouble is that if those highs come off or even go back to normal levels—we do not have to have a collapse in commodity prices—we are looking at another $50 billion deficit going on and on and on. We could have a $250 billion net debt within three years if commodity prices come off because of a collapse in Europe or because China went back to six or seven per cent growth. That is still high growth and there is still demand for the product, but at much lower prices. Of course, in the *Financial Review* today the forecast for coking coal is for a decline by $100 a tonne through the calendar year 2012.

That is why we sought a sensitivity analysis. I was ridiculed by the Treasurer today—the prodigal son. He ridiculed me for any suggestion of a sensitivity analysis. If coking prices do fall by $100, we, the community and the business community would like to know what the implications are for the budget. That is good economic management. And yet we will see none of it. We will see a few forecasts, but we will see no sensitivity in case the prices of exports collapse or even fall. They do not have to collapse; they only have to go back to long-term levels.

What we see from this government is an attempt to create a budget surplus next year which is manufactured—a manufactured budget surplus. We will have fiscal gymnastics next week and we will have them all through the next six months and the six years that they are in power. *(Time expired)*

**Mr SHORTEN** (Maribyrnong—Assistant Treasurer and Minister for Financial Services and Superannuation) *(16:19)*: First of all, whilst I listened carefully to what the member for Goldstein had to say—which unfortunately is not something his leadership team does very often—I waited for the evidence of the crisis which proves that in fact the opposition's contentions are right.

Let me be clear here today: this government takes very seriously what is happening in Europe. There is no question that what is happening in Europe is important. It is important for no other reason than that the banks' funding is quite often sourced from overseas—a large portion of it. But having said that there are three submissions I would like to make to the House today as to why the opposition are simply scaremongering. The first one is that I think they are guilty of not having one of those side mirrors which say 'Objects in the mirror may appear closer than they actually are'. The reality is that the problems in Europe are not necessarily quite as close to infecting Australia in the serious way in which those catastrophisers opposite would say. In fact, it is just plain ridiculous. The opposition's suggestion that Europe's problems are closer than we think is simply scaremongering. The first one is that I think they are guilty of not having one of those side mirrors which say 'Objects in the mirror may appear closer than they actually are'. The reality is that the problems in Europe are not necessarily quite as close to infecting Australia in the serious way in which those catastrophisers opposite would say. In fact, it is just plain ridiculous. The opposition's suggestion that Europe's problems are closer than we think is simply scaremongering. The first one is that I think they are guilty of not having one of those side mirrors which say 'Objects in the mirror may appear closer than they actually are'. The reality is that the problems in Europe are not necessarily quite as close to infecting Australia in the serious way in which those catastrophisers opposite would say. In fact, it is just plain ridiculous.
responsibility under both Labor and, indeed, conservative governments. Let us compare the last 25 years of Australian public administration to the imprudence of many European states in the same time period.

A second reason why Europe cannot be used to simply say, foursquare, what will happen in Australia is that Australia is not tied together in a monetary union without a fiscal union. We are economically self-dependent, and the budget has been repeatedly returned to surplus so an difficult times are over during the time that the European economic community has been in place.

There is a third proposition which I say shows that the European crisis is not the immediate crisis in Australia that the opposition would have us believe. To do that I say to you that the proposition subtly being put forward by the opposition about Europe's problems coming to Australia is as absurd as Tony Abbott saying that he is Napoleon. As the Nobel prize-winning economist, Robert Solow, said in 1984:

Suppose someone sits down where you are sitting right now and announces to me that he is Napoleon Bonaparte. The last thing I want to do with him is to get involved in a technical discussion of cavalry tactics at the Battle of Austerlitz. If I do that, I’m getting tacitly drawn into the game that he is Napoleon Bonaparte.

Members of the House, the person sitting opposite is not Napoleon Bonaparte, nor are we fighting the battle of Europe here.

The opposition calmly—or not so calmly—neglects features that show why there are more reasons to be optimistic about the Australian economy than not. At this point I do acknowledge that plenty of parts of the economy are doing it hard in Australia. But let us have a look at the stability of our banks. Whilst there is still a gap between deposits and loans in Australian banks, that gap has been narrowed since 2008. Let us have a look at the general structure of our nation. Look at the government debt: Commonwealth government debt is at seven per cent. That is the equivalent of $7,000 out of a GDP of $100,000. Our friends in America are at 72 per cent; in the United Kingdom, 75 per cent; and in France, 79 per cent. Put another way, Australia is the only one of 14 OECD nations to have a AAA rating. Have a look at the savings in Australia in contrast to those in other parts of the modern world. We have savings at 114 per cent of the GDP.

A lot of what the opposition say reflects their poor judgment. One of the largest pieces of evidence for their poor judgment is their opposition to increasing superannuation from nine to 12 per cent. That is because those opposite simply lack judgment. They would argue against increasing the national savings pool, yet they catastrophise that Australia is immediately going to go down the Athens or Rome path. Furthermore, have a look at the popularity of our own dollar. Have a look at the spending cuts which this Australian government has made since 2007. It is a matter of record, not a matter of argument, that we have had the fastest fiscal consolidation in a very long time. In 2011 we identified $22 billion worth of structural saves and in the last four budgets we have cut $100 billion off. Indeed, look at our terms of trade: they are very strong. Have a look at the investment we are making in people. Have a look at the growth in productivity in our services sector. There is no way that anyone can seriously mount an argument that Europe is identical to Australia and that this is the cause of some crisis.

We do understand, of course, that it is important how the Australian economy performs in the optics of the international community. It is important how we look in the international marketplace. That is why
when we return to surplus it will be superb optics in the international marketplace. The
other leading nations of the world would love to be returning to surplus with the speed and
direction with which we are. I know one thing is for sure: our Prime Minister and
Treasurer are not going to let the member for North Sydney and his economic F Troop
decide our image to the rest of this world. We did well in October 2008, no thanks to
the opposition. We shall do well again—again no thanks to the opposition.

The opposition have said that there is a case for an urgent mini-budget, but they have
failed to make one. If we had to have a mini-budget it would be because we needed to
fundamentally change our fiscal policy, but our fundamental fiscal policy is not wrong.
Have a look at our monetary policy for illustration. Our cash rate is at 4½ per cent—
we have 450 basis points of opportunity. If we need to dial up activity in the economy
we have an independent Reserve Bank capable of making that decision. In addition,
we have the prospect of fiscal surplus on top of this.

I found it funny when the opposition said that we needed to have an urgent budget. So,
as I am wont to do, I will have a look at a bit of history—the history of when the Howard
government would release its Mid-Year Economic and Fiscal Outlook. When the
opposition suggested today that we urgently needed to release our MYEFO, I thought,
'Clearly, the opposition wouldn't dare give advice to the government which it didn't
follow itself.'

Mr Perrett: Surely not!

Mr SHORTEN: Surely not—but brace yourselves and adopt the emotional crash
position because you are in for some disappointment. Seven out of the Howard
government's last 10 MYEFOs were released after today's date. In fact, the tardy Howard
government released three within a week of Christmas. In 2004 they released the
MYEFO on 21 December. That really allows for a bit of parliamentary scrutiny! The only
ones that would read that would be the elves and Santa. If that was timekeeping under
Work Choices you probably would have lost your job.

Since Labor were elected in 2007, you will find if you study the MYEFO dates that
we have so far released all of our MYEFO statements in November. So this is a
government that, no matter what the circumstances, has been determined to
release MYEFO at the earliest possible date. Yet we have the opposition saying that,
because of the contagion in Europe and its inevitable spread to Australia, we need to
release it now. That is not advice that the opposition when they were in government
ever set for themselves.

When we look at what is being talked about here in relation to a mini-budget and
the MYEFO and also some of the comments the opposition have been running off to the
media with, it is interesting to note what we have consistently said, and that is that we
update the forecasts in the usual way in the Mid-Year Economic and Fiscal Outlook
before the end of the year. Our approach is entirely consistent with the requirements of
the Charter of Budget Honesty Act and our record is certainly better than that of those
sitting opposite. Division 2 of part 5 of the charter confirms exactly what I have just
reported to the House.

When I listened carefully to the opposition call for the urgent MYEFO in light of the
impending European crisis, what I realised was that, firstly, they do not practise what
they preach. Secondly, any fair examination of the comparison of Europe with Australia
would show that, whilst what happens in Europe is certainly very important for some
of the reasons I outlined and it does go to the matter of confidence, the Australian story is a far more optimistic and hopeful story than those naysayers opposite would have it. What I love about those opposite, and I have to pause as I say that—what I recognise about those opposite is that they have never seen an aeroplane overseas that they would not catch and then start trashing Australia from overseas. What I also know about this country is we are the party—

*Opposition members interjecting—*

**Mr Shorten:** That arrow struck home! We are the party who have taken us through the global financial crisis. We are the party who want to increase compulsory savings. We have done it before and we will do it again. *(Time expired)*

**Ms O'Dwyer** *(Higgins)* *(16:29):* I rise today to join my colleagues the shadow Treasurer and the shadow finance minister to speak on this urgent matter of public importance: the urgent need for the government to release the Mid-Year Economic and Fiscal Outlook for parliamentary scrutiny. Why do they need to release it? Because they need to hold themselves to the high standards that they say they have set. Who can forget that it was this Prime Minister who said she would lead an open and transparent government. She reiterated the words of the member for Lyne, who said that this was going to be a government that would 'open the curtains and let the sun shine in'. This is supposed to be an open and transparent government. You would think that the government would be willing to provide, for parliamentary scrutiny, the Mid-Year Economic and Fiscal Outlook, yet we hear from the other side a reluctance to do this—a reluctance to release their mini-budget, their crisis update.

You have to think about why it would be reluctant. You only need to look at the fact that this government has been guilty of reckless spending. Julia Gillard promised, when she made her statement on 28 July, that she would always examine expenditure proposals. She said she would 'examine them rigorously, hold them up to the light, ask every question and require every answer to get to the bottom of what we need to know, the central thing—whether they are affordable'.

This is a reckless-spending government. Australia used to be ranked as a fast-growing economy with large surpluses and no net debt. It was ranked at the top of G20 economies. Yet, since 2007, Australia has had the third highest increase in real public debt. We have increased debt by more than 150 per cent. The only countries that have had a larger increase are Iceland and Ireland. We rank worse than Spain, Greece and Portugal. If this government were a pack of cards, then Wayne Swan would be the joker of deficits. Unlike Peter Costello, who is the king of surpluses, he would be the joker of deficits. In each of the budgets, and there have been four, he has delivered four deficits. He is nought for four. There is not one surplus in all of those budgets. When you add up each of those deficits there is a combined deficit of over $150 billion.

This is not the position that this government started in. This government had the great benefit of inheriting a very strong financial position. The former Treasurer had paid off the previous, Labor government's $96 billion of net debt. The former Treasurer had delivered a $20 billion surplus. Well, the last two budgets have delivered a $49 billion deficit and a $23 billion deficit. Of course, this government is addicted to reckless spending, so much so that it has had to increase the gross debt ceiling from $75 billion to $200 billion, and then up again from $200 billion to $250 billion. If Wayne Swan were in a business, he would probably
be sacked at this point. We are also experiencing, right now, the highest terms of trade in our nation's history. We are getting our highest levels of revenue and, if you make it analogous to a business, we are still not posting a profit. He would be sacked. It is lucky, of course, that he works for the Labor Party, and his job is absolutely secure as long as he keeps the Assistant Treasurer onside, because we all know that when you get the Assistant Treasurer offside you can in fact lose your job, as the former Prime Minister Kevin Rudd found out all too harshly.

We know that the Treasurer has a problem with deficits and we know that he has a problem, sometimes, remembering when the Labor Party last delivered a surplus. He very famously earlier this year could not remember the time that the Labor Party last delivered a surplus and he went on to break a glass in the intense thinking as to when that was. It was in 1989-90 under the Hawke-Keating government, before the current member for Longman was even born. I believe at that particular point in time the Treasurer was a member of the AWU when he joined as, I understand, a sewerage worker. Well, when he was a sewerage worker, he was no doubt knee-deep in it, and he is knee-deep in it now.

It would take nearly 50 years of Labor's long awaited, much anticipated, much promised 2012-13 forecasted surplus just to pay off the past four years of Labor's deficits. By contrast, the coalition does not have a problem with deficits. In fact we have a pretty good record of delivering surpluses, which we did in government, delivering 10 out of 12 surpluses over our 12 years in government. This government is going to continue to spend and, as a result of that, it will continue to tax.

You need to look back at the record of the current government. In 2008-08 the Labor government increased expenditure by a record 12.7 per cent. Just to give that some context, the coalition, over its term in government, averaged a 3.3 per cent increase in nominal terms in expenditure per annum. Wayne Swan as Treasurer spent four years worth of average coalition expenditure in just one year. Is it any wonder that they need to introduce a record number of new and increased taxes? It is no wonder that the government have the very unenviable record of introducing or increasing 19 new taxes. That is what we see with the introduction of the mining tax, which will probably be passed this week. We also see it with the carbon tax. The government were in such a poor fiscal position that they said they needed to introduce a flood tax to deal with the terrible floods in Queensland, which would normally be dealt with in the ordinary course of events, which would not require a prudent government to impose any tax.

We hear from the Treasurer that he promises that he will deliver a surplus, although he has been promising this now for the past four years. He said, 'We can bank on it, we can lock it in.' He said, 'It is absolutely guaranteed.' But, since his original statements, we have heard the weasel words creep in. We have heard that he is now simply 'committed' to delivering a surplus, he is 'working towards' delivering a surplus. And thinking back to President Obama's visit just last week, we can hear the little plaintive cry of 'Yes, we can. Yes, we can. Yes, we can deliver a surplus. I promise we can. We can'. That is what he says to himself late at night, but today in the House we hear the latest in his litany of excuses, which are well-worn over four deficits.

I regret to say—in fact in the words of President Obama—'This is unfortunately not change that we can believe in.' We cannot
believe in this change. It is something this government has promised, it is something this government has failed to deliver. We, by contrast, will be a government that can live within its means, because we have done it in the past and we can do it again. When we talk about economic reform, we mean it. We do not simply mean economic reform, read new taxes. This government is a reckless spender. This government believes in tax grabs. This government is fiscally incompetent.

Dr LEIGH (Fraser) (16:39): If I were sitting on the opposition's tactics committee, choosing an MPI for today, it certainly would not be the topic of economics. I would be thinking about dog whistles, about some sort of safe ground to talk about, but surely not the topic of economics, because those opposite have lost all credibility when it comes to economic reform. On economics, ours is the party of Hawke and Keating, theirs the party of McMahon and Fraser.

In its fundamentals, the Australian economy today is the product of economic reforms that were put in place by Labor governments and opposed by those opposite. Under the Rudd and Gillard governments, we have seen very clear contrasts. When the global financial crisis hit, it was our side of politics that put in place timely, targeted and temporary fiscal stimulus that 200,000 saved jobs. Their side of politics would have let tens of thousands of small businesses go to the wall.

When we had to deal with climate change, we listened to economists and we put in place a carbon price, a price on the negative externality that is carbon pollution. They went for command and control, a scheme which they could not find a single economist to back. With minerals prices at 140-year highs—BHP posting a record $23 billion profit and Fortescue telling the House economics committee they have never paid a cent of company tax—we on this side of the House think it might be fair to ask the mining companies to pay a bit more tax. Those on that side of the House think that mining companies are paying too much tax.

At the last election we on this side of the House went to the Australian people with costings that added up. Those on the other side of the House went with costings that were $11 billion short, done by a private accounting firm. When Treasury had the temerity to say, 'You're out by $11 billion or so', they immediately came into this place and started attacking Treasury officials. They even walked into this place and started attacking Ken Henry, the man that Peter Costello appointed in 2001 to head the Department of Treasury. As soon as they did not like what Treasury had to say, they were out there shooting the messenger.

When the member for Lyne proposed a Parliamentary Budget Office, we accepted it. We put in place a parliamentary inquiry, which reported back unanimously—including the member for Higgins—with a model for a Parliamentary Budget Office. But as soon as those opposite realised that that would mean the Australian people could actually see their costings, they moved to gut it. They walked away from the report that the member for Higgins had signed on to. At the next election those opposite will again be going to the Australian people with numbers produced by a private accounting firm.

When it came to the fuel tax reforms that Peter Costello introduced into this parliament as Treasurer in 2003, after an eight-year lead time—an implementation period unprecedented in modern policy making—those opposite said they would not support them. They were willing to back away from these reforms at the last minute. We on this side of the House believe in economic
reform. In this case we believed in a Peter Costello economic reform, while those on that side of the House decided that cheap political opportunism beats consistency any day.

Recently, we have been moving to close a tax loophole on the petroleum resource rent tax, a tax loophole that the Howard government had fought against in the courts, as did we when we came to power. But those opposite have decided that they want to keep the loophole open—to the benefit of Esso and the detriment of the Australian taxpayer.

In the world of international trade, we are pursuing free trade. It is good to see the Minister for Trade here in the chamber—a passionate advocate of boosting free trade—because he knows, as do we on this side, that it is free trade that benefits Australian families. Those on that side of the House would start a trade war with New Zealand. They would support anti-dumping rules that are not World Trade Organisation compliant, anti-dumping rules that would see retaliatory tariffs hurting Australian companies.

The old party of Hewson and Costello is dead, buried and cremated. What we have instead is the Tea Party of Australian politics. You do not have to believe me on this; let us hear from some prominent Liberals about the economic policy nous of the Leader of the Opposition.

In the Costello Memoirs, the former Treasurer wrote about the Leader of the Opposition:

Never one to be held back by the financial consequences of decisions, he had grandiose plans for public expenditure. At one point when we were in government he asked for funding to pay for telephone and electricity wires to be put underground throughout the whole of his Northern Sydney electorate to improve the amenity of the area. He also wanted the Commonwealth to take over the building of local roads and bridges in his electorate.

That is the economic policymaking giant who is leading the current opposition. We can also hear from John Hewson, a former Leader of the Opposition, writing in the Australian Financial Review on 24 May 2010:

Tony is genuinely innumerate. He has no interest in economics and he has no feeling for it.

We on this side of the House commissioned the Henry tax review, the biggest tax review in a generation. We have set about implementing recommendations flowing out of that review, as you would expect. We are cutting the company tax rate. We are abolishing the inefficient dependent spouse tax offset with its old-fashioned notion that the bloke works and the woman stays at home. We are scrapping the environmentally disastrous fringe benefits tax rules for cars. We are getting rid of the inefficient entrepreneurs tax offset and replacing it with a more appropriate instant asset write-off for small businesses. We are introducing a minerals resource rent tax that is both efficient and fair.

This country's economic position is strong. You do not have to take just the Gillard government's word for this; let me quote a few overseas sources. One source said:

Australia's economy is one of the strongest in the developed world.

That was the Financial Times on 1 November 2011. Another source said:

Australia's economy is booming ... Even during the GFC, Australia, unlike many Western economies, registered modest growth.

That was the International Herald Tribune on 31 May 2011. Another overseas source said:

On the face of this comparative performance, Australia has serious bragging rights. Compared to most developed countries, our economic circumstances are enviable.
That was a London source—here we go: the Leader of the Opposition was in London on 11 November 2011. That goes to show that you have to take the Leader of the Opposition to London before you get some economic sense out of him.

The Leader of the Opposition now promises repeal. He wants to repeal the carbon price; that means cutting pensions and raising taxes. He wants to repeal the mining tax; that will involve reversing the instant asset write-off. He wants to stop superfast broadband in its tracks. After a bit of flip-flopping, he has decided that he will not repeal this government's superannuation increase in the event he were to come into office. That superannuation increase, as members are aware, is from nine to 12 per cent, but gradually, from 2013-14 to 2019-20. At the time of the next election, superannuation will have gone up from nine to 9.25 per cent.

The Leader of the Opposition will repeal a carbon price for which future permits have been purchased and a mining tax that will have far-reaching consequences on investments, but he will let go the superannuation increase that will have only gone one-twelfth of its way. He will let it run until 2020. I think it is a good decision by the Leader of the Opposition, but it is frankly bizarre given his position on other policies. He said he is doing that because that is what the Howard government did in 1996, but it is not. They actually froze the Keating government's superannuation increases; they did not increase them as planned. Is it because the Leader of the Opposition believes in superannuation? Probably not, given that he told this place on 25 September 1995:

Compulsory superannuation is one of the biggest con jobs ever foisted by government on the Australian people.

The fact is that those opposite are against taxes and they are in favour of revenue measures. What they do not realise is that the budget has to balance. If they are repealing a law, that law should be the law of mathematics—that is the law they really need to abolish. If you are a polluter, a tobacco company, a big miner or someone who thinks they have found a loophole, the coalition will give you a hearing. Their policy is no special interest left behind.

The DEPUTY SPEAKER (Hon. BC Scott): Order! The discussion is now concluded.

BILLS
Telecommunications Universal Service Management Agency Bill 2011
Telecommunications Legislation Amendment (Universal Service Reform) Bill 2011
Telecommunications (Industry Levy) Bill 2011

Report from Committee
Ms BIRD (Cunningham) (16:49): On behalf of the Standing Committee on Infrastructure and Communications, I seek leave to make a statement on the inquiry into the Telecommunications Universal Service Management Agency Bill 2011, the Telecommunications Legislation Amendment (Universal Service Reform) Bill 2011 and the Telecommunications (Industry Levy) Bill 2011, in discharge of the committee's requirement to provide an advisory report on the bills, and to present a copy of my statement.

Leave granted.

Ms BIRD: The committee has endorsed the contents of this statement. On 2 November 2011, the following bills were introduced into the House: the Telecommunications Universal Service
Management Agency Bill 2011, the Telecommunications Legislation Amendment (Universal Service Reform) Bill 2011 and the Telecommunications (Industry Levy) Bill 2011. The TUSMA Bill forms part of a package of legislation to achieve continuity of key telecommunications safeguards in the transition to the National Broadband Network. On 3 November 2011, the bills were referred by the Selection Committee to the House Standing Committee on Infrastructure and Communications for inquiry. On the same date, the bills were referred to by the Selection of Bills Committee to the Senate Standing Committee on Environment and Communications. The deadline for submissions to that committee is 2 December 2011 and the reporting date has been set for 27 February 2012.

I would like to advise the House of the work undertaken on the bills to date and our suggestion for their further consideration by the parliament. On 23 June 2011, the Department of Broadband, Communications and the Digital Economy sought public comment on the proposed legislative reform package via the release of a discussion paper entitled Universal service obligation legislative reform for transition to the National Broadband Network. By the submission cut-off date of 8 August 2011, the DBCDE had received 16 submissions from various telecommunications providers and other stakeholders, including the Queensland government and the National Farmers Federation. All submissions are available on the department’s website.

As has been noted, the Senate Standing Committee on Environment and Communications has already adopted an inquiry based on the referral of the bills. It is calling for public submissions and has a reporting date.

It is the view of the committee that an inquiry conducted by this committee would unnecessarily duplicate the inquiry process concurrently being undertaken by the Senate committee. As has been noted in the House by chairs of other House committees, this committee welcomes the opportunity to examine bills referred to it by the House and indeed has already conducted an inquiry into legislation as part of its work during this parliament. It is important, however, that inquiries be conducted in a manner which is both timely and constructive. Where both houses are inquiring into the same legislation at the same time, those individuals and organisations who are interested in participating may wonder why they are being asked to present their views twice in two different review processes. The committee therefore recommends that the bills be further considered by the parliament.

COMMITTEES

Treaties Committee

Report

Ms PARKE (Fremantle) (16:52): On behalf of the Joint Standing Committee on Treaties, I present the committee’s report entitled Report 122: treaties tabled on 23 August, 13 and 20 September and 13 October 2011, incorporating a dissenting report.

In accordance with standing order 39(f) the report was made a parliamentary paper.

Ms PARKE: by leave—Today I present the Joint Standing Committee on Treaties report 122, which contains the committee’s views on a series of treaties which were tabled on 23 August, 13 and 20 September and 13 October 2011. One of the more important agreements covered in this report was the International Convention for the Suppression of Acts of Nuclear Terrorism, which the treaties committee has approved.
This particular treaty will establish an international framework for criminalising certain conduct relating to nuclear material and other radioactive substances or devices. The convention lists a series of crimes specifically related to nuclear terrorism, including the performance of an act of terrorism with nuclear materials; planning or threatening to commit such acts; and acting in support of such criminal conduct. The convention encourages international cooperation to prevent such crimes and to investigate, prosecute and extradite persons who commit these crimes. Although Australian legislation already covers the treaty requirements to a significant degree, the treaty's provisions will strengthen our already existing legislation. The issue of international terrorism has, of course, had a high profile over the past decade in the aftermath of the terrorist attacks on the United States on September 11 2001 and the Bali bombing that followed a year later. The possibility of terrorists gaining access to either nuclear weapons or nuclear material is one of grave concern to the international community, and Australia supports all efforts to ensure that this never occurs.

On a related issue, the committee also examined and approved the Agreement between the Government of Australia and the European Atomic Energy Community (Euratom) for Co-Operation in the Peaceful Uses of Nuclear Energy. The treaty governs cooperation in the peaceful uses of nuclear energy and is consistent with Australia's other bilateral agreements. I note that this particular report contains a dissenting report from one member of the committee, and I can only express regret that this member did not share his views regarding this agreement with the other members of the committee at an earlier time. The issue of nuclear nonproliferation and disarmament has been the subject of intense scrutiny by and great interest to this committee throughout recent years, and that has not changed.

The treaties committee has also approved a series of other agreements, including two air services agreements between Australia and the Czech Republic and Australia and Vietnam, as well as an exchange of notes between the government of the United States of America and the government of Australia concerning space vehicle tracking and communication facilities. This treaty covers the activities of the Canberra Deep Space Communication Complex, located at Tidbinbilla. This agreement is a tangible expression of international cooperation in space exploration, and Australia will receive practical benefits from the subject arrangement, including overseas training for our personnel and investment in relevant Australian facilities. This exchange of notes will continue a productive and successful relationship that has lasted for more than 50 years, and the committee recommends that binding treaty action be taken. The exploration of space, while led by larger countries such as the United States, is nevertheless a shared global endeavour. It has the capacity to unite humanity in a common purpose and a sense of achievement. Both the scientific information gathered and the technical expertise and innovation involved are inevitably of benefit to people around the world. The committee concludes that this and other treaties covered in report 122 should be supported with binding action.

Finally, I would like to express my appreciation to my fellow committee members and, as always, the committee secretariat. On behalf of the committee, I commend the report to the House.
BILLS
Minerals Resource Rent Tax Bill 2011
Minerals Resource Rent Tax (Imposition—General) Bill 2011
Minerals Resource Rent Tax (Imposition—Customs) Bill 2011
Minerals Resource Rent Tax (Imposition—Excise) Bill 2011
Petroleum Resource Rent Tax Assessment Amendment Bill 2011
Petroleum Resource Rent Tax (Imposition—General) Bill 2011
Petroleum Resource Rent Tax (Imposition—Customs) Bill 2011
Petroleum Resource Rent Tax (Imposition—Excise) Bill 2011
Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011
Superannuation Guarantee (Administration) Amendment Bill 2011

Second Reading
Debate resumed on the motion:
That the bills be now read a second time.
to which the following amendment was moved:
That all the words after "That" be omitted with a view to substituting the following words:
"the House is of the opinion that:
(1) 20 per cent of all revenue from the mining tax be put into a Regional Mining and Infrastructure Fund to be used to facilitate further mining and other development in regional areas from which they have been taken and surrounding regions where necessary; and
(2) this arrangement would be administered by a separate authority and the funding would come on top of normal funding and financial allocations from State and Federal Governments".

Mr KATTER (Kennedy) (16:57): When speaking before question time, I named 17 mines in north-west Queensland that are on the drawing board as projects. To go ahead, they will need a rail system or some other method of transportation, they will require power and they will require water. Water is not a great problem for us insofar as most of the giant rivers in Australia flow into the Gulf of Carpentaria, so water can be reasonably adequately obtained. The federal government deserves very great praise for the initiative on the transmission line known as CopperString, which will take grid system power at long last into the mineral belt of Northern Australia. The minister, Mr Ferguson, has said on many occasions in this House that all of Australia's base metals are in the top one-third of Australia, if you like, and there is not a power station within 1,000 kilometres of where we need the power to be.

In my book History of Australia, which will be published shortly by Murdoch Books, we talk about developmentalism. That was an idea long since lost to this place. We heard the last speaker on the MPI telling us how wonderful the economics of Mr Keating and Mr Hawke were. Well, there was simply no development that took place in this country during that period of time; there was not a single item of infrastructure.

There was only one item of infrastructure built by the government that followed and, to their disgrace, it was the railway line from Adelaide to Darwin. It was a disgrace in the sense that it was a railway line from nowhere to nowhere through the biggest desert on Earth. It was built so that the Liberal Party could win the election in South Australia. If that railway line had been built from Tennant...
Creek across to Mount Isa, all of the great mineral wealth and all of the great agricultural wealth would have had quick and speedy access out through Darwin. The top third of that railway line from Adelaide to Darwin would have been very profitable indeed. But there was no such enlightenment. We were thinking politics; we were not thinking development.

Almost every member on the front bench of both sides of this parliament could not spell the word development. I do not say that to be denigrating of them, but one mob was there for 12 years and the other mob has been there for three and, if you like, 12 years before that. So for the best part of 30 years they have both been there and not one single piece of infrastructure was built in that time. I sat in the parliament in Brisbane for 20 years and in that time one of the biggest dams in Australia's history was built, the Burdekin. It was an initiative of the state government. The railway line that opened up the coalmining industry of Australia was built from Gladstone to a little railway siding called Blackwater. There were virtually no export coalmines in this country at the time that railway line was built. The giant port of Gladstone, one of the few ports in the world that can take 200,000-tonne shipping, was built. One of the four biggest power stations in the world was built at Gladstone. Those three pieces of infrastructure facilitated the creation of Australia's aluminium industry and the creation of Australia's coal industry.

If we had the policies of the current Labor tradition and the Liberal tradition on the other side, then none of those great infrastructure projects would have been built because they would have said, 'Oh no, they have to pay for themselves.' If they had to pay for themselves, then they simply would not have been built. The railway line to Blackwater was not going to pay for itself—there was not a single mine there at the time. The people in this place do not seem to understand, because they have never been out in the real marketplace in the real world and most of them have never backed their judgment with their own money in their lives. They have never been involved in business and they have no experience of that sort of decision making. If they were out there, then they would understand that there is a chicken and egg situation. The mining company says, 'We cannot open a coalmine unless we have got a railway and a port.' The government says, 'Well, we are not going to build a railway to a port unless there are coalmines there.' It is the chicken and the egg.

Premier Beattie, in a very generous and gracious act, said that the coalmining industry of Australia was created by Bjelke-Petersen. I was there when those giant infrastructure items were built at great expense creating great debt. The Queensland government was the biggest borrowing government in Australian history by a long way and easily the most successful economically in the nation's history, because each of those resources that we built brought great wealth to the state of Queensland and great revenue to the people of Queensland. Some of us said there was a bit of bushranger stuff in that railway line and I suppose there was—more than most people know, actually.

There are 17 mining projects to be developed, the second biggest wind farm in the world is proposed to be opened at Hughenden along this copper string transmission line and at Pentland there is the biggest sugar project in world history which will produce 112 million tonnes of sugar a year being turned into ethanol and electricity. Renewable forever! The sun will shine, rain will fall from the skies and the Burdekin River will flow and a little bit will be diverted to spread out on this grass which we
call sugar cane—this magnificent and magical product.

The other thing we need is to be able to get our product out of north-west Queensland. Why was Louis XIV, the Sun King, one of the most famous rulers in world history? Because he built canals all over France. In fact, at the end of his reign you could go by boat from the Mediterranean all the way to the English Channel. He deserves his place in history. Why was Peter the Great great? There are a number of reasons, but again the most famous was that he built canals. The easiest and cheapest way to move anything is on water. Everybody in this place knows that. The great growth of China was facilitated by the mighty canal and irrigation systems that were built by enlightened rulers in that country. Theodore Roosevelt is carved up on Mount Rushmore for three reasons. One reason he is famous is that he smashed Esso, Rockefeller’s company. One of the other famous things that he did was to build the Panama Canal. These people were great because they built canals.

If you look at a map, the Gulf of Carpentaria is extremely flat. You can come 200 kilometres from the sea and still be only about 30 metres above sea level. It lends itself to the building of canals. We have giant iron ore deposits. We have never looked for iron ore, but when we were looking for copper, lead and zinc we stumbled across iron ore. According to media reports and the Bureau of Resources and Energy Economics, we have stumbled across some 900 million tonnes so far, but we cannot get it out. The only way is the railway line which is 1,000 kilometres from Townsville. We have got to get a canal built from the Albert River south from where we can access it to take this product out overseas very easily and cheaply.

I visited Moranbah with the state member, Mr Knuth. I was absolutely appalled when one of the councillors there, Mrs Baker, told us that Moranbah was going to have 3,000 or 4,000 workers on two sides, so Moranbah would be between these two great barracks areas of young men with nothing to do of an evening in the town when they are off-shift. This town would be turned into a barracks rather than a town.

If you give us a tiny bit of bitumen on which we can put two-acre allotments, we can provide civilised living for the tens of thousands of people that are needed in that area to make a civilised community that will be there for 100 years. You would know the issues that I am talking about, Mr Deputy Speaker. At the present, every single piece of infrastructure in Moranbah will be straining at the bit and collapsing to make foreign coalmining companies rich. I do not object to that—the fact that they are foreign I do—but the fact that our infrastructure is collapsing.

(Time expired)

Mr WINDSOR (New England) (17:08): It is with pleasure that I speak to the legislation before the House, the Minerals Resource Rent Tax Bill 2011 and cognate bills. I am on the record as having expressed on a number of occasions support for the concept of a minerals resource rent tax. I agree with the position of the Minerals Council of Australia, particularly in relation to the way in which a rent resource tax works on profits rather than on royalties. There has been a lot of talk about the way in which this particular rent tax has been designed, the way in which the previous superprofits tax was designed, and there has been a lot of politics in terms of how it has all come together.

It is public knowledge—I am sure that most people in the House know—that, even though I had been supportive of the concept of a minerals resource rent tax, I had
occasion about a fortnight ago to be very annoyed with one of the major coal seam gas companies, Santos, and the way in which they were trivialising and treating constituents in the electorate of New England on the Liverpool Plains. They acted to put in place a drill hole to test-drill for coal seam gas. They did that in the full knowledge that an independent scientific study was underway—the Namoi Catchment Water Study. The Commonwealth funded that study to the extent of about $1½ million, and BHP, Shenhua and Santos themselves had put some money in to try to gain some independent knowledge about the relationship between the groundwater, the surface water, the flood plain and the Murray-Darling system and what was actually happening in that situation.

When Santos decided to proceed without the full knowledge of the independent study, people in my electorate decided to blockade that development. The day before, I had actually said to Treasurer Wayne Swan on the phone that I was supportive of the minerals resource rent tax. But I was annoyed with the way in which that company—which has generally got a pretty good reputation—treated these people and with the fact that these people had to embark on a blockade process.

Many of the same families, some of whom are in ill health and distress, embarked on a similar process when BHP marched onto the flood plain six years ago, not all that far away. BHP had been granted a licence by a New South Wales minister who had never been there. That minister is currently under investigation by ICAC, I believe. They had been granted this licence, and the minister did not even know the landscape that he had granted the licence over. BHP, with its muscle—and we in this place know about the muscle that it exerts from time to time—marched onto the flood plain and said: 'This is what we are going to do, boys. Welcome.' The community were outraged at the potential impact on water resources, particularly on the flood plain. That would have had an impact on the people in the immediate vicinity, potentially, and also on the interconnected groundwater systems that extend for about 300 kilometres within the Namoi system, and on the way those systems relate to the river system.

I commented on a number of occasions that it was almost an absurdity that, while we in the parliament are trying to design a Murray-Darling plan, we are allowing these activities to occur—not only on the Liverpool Plains but on the Darling Downs and in other parts of Queensland—for example where you reside, Mr Deputy Speaker Scott. There were very real concerns about what could happen in relation to water supplies. It was not about whether people were pro or anti mining; it was about whether the appropriate areas were being investigated and about the investigative pressures that the mining companies and the state governments—particularly New South Wales in this case—were under in terms of needing the cash from the exploration licence and potentially the royalties—

Mr Katter: It is no different in Queensland, I can assure you.

Mr WINDSOR: The member for Kennedy has vast personal experience in drilling holes and knowing where to find things. I know that he would understand a lot of the issues that are in Queensland. Many ministers have gone to the Liverpool Plains; the Prime Minister flew over there a few months ago; Minister Crean has been there; Minister Ferguson has been there; Senator Doug Cameron has been there; and many people from the coalition have been there, from both state and federal level. On the back of that action from Santos, I notified the
Treasurer that I would not be supporting the minerals resource rent tax until three things happened. One of those is that Santos remove itself from this ridiculous action until appropriate scientific rigour can be applied to the process and the area.

For those who do not know, this particular area is a very small ridge in the middle of a flood plain which has very significant groundwater resources under it. The flood plain covers an area of about 100 kilometres, across the base of the hills, by about 80 kilometres. You can imagine a rectangle of about 80 kilometres by about 100 kilometres. And all of that water has to go through a six-kilometre neck at a little place called Breeza. You have this absurd proposition that has been placed on that community, and they boycotted BHP for 621 days until BHP saw sense and removed itself until the conclusion of independent scientific work. That is going to be completed probably mid next year.

This flood plain has this massive amount of surface water that flows across it from time to time—not every year. There are massive amounts of surface water and there is a massive drainage system. It connects with the electorate of Hunter. He would be well aware of the capacity of that flood plain to flood. He has represented part of it in the past. Given that knowledge and the fact that these people were going to blockade—in this case, a coal seam gas mine—I saw fit to use the leverage of this particular parliament to say to the Treasurer: 'I won't be supporting this unless you people fix this up. These companies aren't listening. They're just not listening to what these people are saying. They are using the law against the people on these very sensitive, highly productive agricultural areas.' And they are in fact, in my view, damaging the miners who are mining where they should be mining by attempting to move out onto these very sensitive landscapes.

The three issues I put to the Treasurer at the time included that Santos remove itself. That has happened. The second issue was that some of the proceeds of the minerals resource rent tax should be used to fund what I call 'bioregional assessments' at an independent level so the community can have some confidence in the process and in when an assessment process takes place and the independent science is found. Currently, the miners have to do that through their exploration licence. There is mistrust and no confidence in the process, because the state is relying on it for money. The third proviso was that the Commonwealth amend the Environmental Protection and Biodiversity Conservation Act to allow water to be a trigger. I have had legislation in the parliament on this particular issue since September. The Commonwealth, as it does now through heritage and endangered species issues, can in fact enter the planning process on extractive industries if there is a trigger. Currently, water is not a trigger.

Mr Deputy Speaker Scott, you would be aware of instances in Queensland where 1,200 conditions were placed on a coal seam gas field by the state and 300 were placed by the Commonwealth. If you have to place 1,500 conditions on anything it says that there is a problem with the process.

Mr Katter: You have a problem with policing and regulating.

Mr WINDSOR: The member for Kennedy is quite right. The capacity to police and prove things makes it very difficult.

What has come out of all of that is that Santos has removed itself from the pilot well and the government has agreed. I thank the government and the people I have been negotiating with for the last fortnight, who have been extremely positive in relation to this. I think most people—I hope on both
sides of the parliament—recognise that there are very real issues here. This is not about playing a political game; there are legitimate issues.

I can remember something that happened in 2008. I attempted to amend the Water Act 2007 to allow a similar process that we are talking about now: an independent scientific process. That was passed by the Senate one night. The National Party and the Liberal Party supported the Greens, and it was passed. Press releases were sent out by many within the National Party about what a great thing they had done for the farming community. I remember Senator Joyce saying that the Liverpool Plains people would be so grateful to the National Party for what they had done. About 2 o'clock in the morning Mitch Hooke from the Minerals Council of Australia and others came into the building, and the very next morning the Liberal and National parties recanted their vote. It is one of the very few times it has ever happened, I am told. They recanted their vote on the pressures from the mining industry.

Proceed forward some time to 2008, and Melanie Stutsel, the environmental director for the Minerals Council of Australia, gave evidence to a Senate inquiry in response to some of the things that I had been suggesting at the time and had with the Howard government as well—the Howard government was still in play then. She gave evidence to say that a more appropriate role for the Commonwealth was to put in place a bioregional planning process where the states and territories would take that bioregional planning process into account when planning the release of exploratory or extractive licences. That is why the Minerals Council has not attacked my particular proposition: it is their words. They said at the time—and I have had discussions with them since and have high regard for a lot of people involved there, having known Mitch Hooke personally for many years—‘Good idea, Tony, good idea—but we're not going to fund it.’

The minerals resource rent tax comes along, and they can fund it indirectly but not be in control of the process, as they are now through the exploratory processes. The Commonwealth will fund it, and it will be indirectly from the mining industry itself. So we will now have a process where potentially—if the states come onboard; although, the Commonwealth has given an undertaking that, if the states do not come onboard, it will legislate to the very same effect that the Commonwealth will take over some of those responsibilities in terms of the EPBC Act—an independent scientific committee is set up that will be funded to the extent of $150 million by the Commonwealth through the MRRT. That money will provide for these bioregional assessment processes. It will make the companies comply with a process that takes onboard that scientific information, some of which will be the very information that those companies have been finding anyway but has not been trusted by the community. So they do not have to pay for that anymore. The minerals resource rent tax will pay for that independent scientific bioregional assessment process.

I would urge people who are interested in this to read the Prime Minister's letter. It is very conclusive in terms of the issues that it raises and the processes that it involves. It will amend some of the states' legislation if they do not go down that track, and there is some reward built into it as well in terms of Commonwealth money. If they do not go down that track, the Commonwealth has given an undertaking that, if COAG cannot do it, it will legislate and do exactly the same thing in its own right, in terms of water being a trigger and the environmental bioregional assessment processes taking place.
I am very pleased to have been part of that process. In a sense, I thank Santos for doing what they did, because it brought this issue to a head. I am sure they did not mean to do that, but it has brought it to a head. I thank the members of this chamber who have privately and publicly said to me over the last few days that this sort of thing should have happened a long time ago. It could have happened in 2008 if the Water Act had remained amended, but that is history now. This is an opportunity for a fair go for people who live in these areas to have confidence in the process. (Time expired)

Mr ALEXANDER (Bennelong) (17:23): In just over a week’s time we will celebrate the 157th anniversary of one of the most infamous episodes in the history of our nation. The date 3 December 1854 will be forever remembered as the day of one of the most significant domestic conflicts. Many historians now consider this event to be the birth of democracy, as it led to a big step towards universal suffrage. The event is, of course, the Eureka rebellion: an organised movement of civil disobedience by miners in the goldfields of Ballarat, protesting against the crippling effect of increased taxes and the burden of regulation imposed by government authorities.

The miners, mostly small operators, found they were dealing with authorities that would not listen and did not care. So they stood their ground. They built their stockade. They defended their rights, kind of like on olden day ‘Occupy Ballarat’ movement. The result was an assault by armed troops using the most uncompromising methods, and over 30 miners were left dead. The battle may have been lost, but a larger war against tyrannical authorities was won. To show the degree to which the world turned following Eureka, rebel leader, Peter Lalor—a man identified as being so antiestablishment that he was hunted with the offer of a £400 reward—would become so revered by the people that years later he was elected as Speaker of the Victorian parliament. No-one sums this up better than Mark Twain, who, during his visit to Australia, wrote:

The ... miners protested, petitioned, complained— it was of no use; the government held its ground, and went on collecting the tax. And not by pleasant methods ...

By and by there was a result; and I think it may be called the finest thing in Australasian history. It was a revolution—small in size; but great politically; it was a strike for liberty, a struggle for a principle, a stand against injustice and oppression ... It is another instance of a victory won by a lost battle. It adds an honorable page to history; the people know it and are proud of it.

This struggle for a principle contributed greatly to the Aussie legend.

The Southern Cross symbol of the Eureka flag has become permanently linked with struggle, more recently perverted by Norm Gallagher and the Builders Labourers Federation during their fights against the Victorian Labor government in the 1980s. Now, 150 years after Eureka, we see that little has changed. We have a government operating with a total lack of understanding for how businesses operate and with a foundation so entrenched in unionism and wealth redistribution that they seem to have forgotten what the Eureka flag actually stands for.

When the minerals resource rent tax was first proposed, coupled with an increase to superannuation contributions from nine to 12 per cent, I was door-knocking in the Bennelong suburb of Ermington. I visited mostly older Australians who had paid off their mortgages long ago and proudly saw the prudence of a time when Australians were encouraged to be responsible for their futures, proud of their achievement of home ownership and secure that the government could not devastate their life savings with
poorly conceived policy. On announcement, the market judged the government's new tax by slashing the value of such blue-chip stocks as BHP and Rio. The proud old homeowners of Ermington, with savings safe in the bank, were now feeling vindicated—their prudent ways of living within their means, paying off their home and saving for a rainy day. Their concerns were for their children and grandchildren and the behaviour of their party. Reckless policies and criminal waste shook even the most faithful.

They did not like what Kevin Rudd was doing, but they liked even less what followed. Enter Julia Gillard, not through a democratic process but as a crowned factional princess. The people and the people's wills were not what she had to answer to. They were not her master. Her first course of action was to modify the next tax for the approval of the big three miners. Three was to become a very significant number for our new Prime Minister. The claim was made that she worked tirelessly with her Treasurer over six days to develop this new deal for the big miners, yet this claim did not even survive the gentlest of scrutiny as, at the last minute, the Treasurer took his old school mate's seat at the front of a plane and, for two days, attended the G20 table in Toronto, and there were two days in travelling time. Working tirelessly with the Treasurer? I do not think so.

Never mind; the new PM was on a roll. A pattern of behaviour was developing. By appeasing the big three miners, she would be safe in her position, and we, the people of Australia, would pay. We then moved to an election to vindicate her position, and three was again her number. The pattern of behaviour was repeated. A deal was done with three Independents, as kids would trade sports cards. The PM's position was safe and we paid. The final assault on democracy was the marriage to the Greens, which has resulted in her having to endlessly explain her promise to the Australian people that 'there would be no carbon tax under the government I lead'.

If we are to believe our Prime Minister, the only conclusion that can be reached is far more dreadful than our PM lying to us, and that is the conclusion that Bob Brown actually leads the government and we have a carbon tax under the government he leads.

The consistent modus operandi with this Prime Minister and her government is that deals are done with three and the ones who will pay will be ye, so that the Prime Minister will remain she—not a great day for democracy and not a great day for the people of Australia. In the simplest terms these traumatic times define the chasm of difference between our two parties: Labor taxes with promises of spreading the wealth, with a sizable amount of waste along the way; our 12 years in government demonstrating our capacity for fiscal responsibility and an ability to achieve budget surplus.

The promised mining resource rent tax has now identified Australia as a country of sovereign risk, driving would-be investors to safer venues, like war-torn Africa. This government is introducing a tax against our miners that is divisive, complex, unfair, fiscally irresponsible and distorting—reducing our international competitiveness. Just like the other tax that was passed in this parliament earlier this month, this is a bad tax which came out of a deeply flawed process.

For those with short memories, here is a reminder of events. In 2007 Prime Minister Rudd commissions a root and branch inquiry into our tax system. The Henry tax review produces 138 recommendations. The government adopts 3½. One of these recommendations is the resource super
profits tax. This new tax, representing the biggest new tax imposition in a decade, is announced with zero consultation with industry and zero consultation with state and territory governments, despite serious implications for their own revenue. The Henry review had recommended a national, profit based resource rent tax to replace state and territory royalties, giving the federal government responsibility for negotiating the federal-state financial relations implications of this change in policy. However, the government simply were not up to the job of engaging with the states and doing the hard yards on genuine tax reform. Instead, they developed what they ironically called ‘work-arounds’, to avoid doing any work, to get the system right—instead, making it far more complex and messy than it needed to be.

The pushback from the community costs the Prime Minister his job, the policy gets aborted, and, in secret, a new policy is negotiated exclusively between three government ministers—without their expert advisers—and the managing directors of the three biggest mining companies. Much like the small miners in Ballarat, the competitor companies to the big three were totally excluded from the negotiation process, and of course a tax is designed which further entrenches the dominant position of the three big players, acting as an anticompetitive policy against any of the entrepreneurial dynamic smaller players in this important industry.

More than 12 months after the government is re-elected, after coming within a whisker of being the first single-term government in nearly 70 years, we observe that there is yet to be consultation with any of the state and territory governments about the implications of the mining tax. This is despite major implications for GST-sharing arrangements for all states and the fact that resource royalties represent 20 per cent of the West Australian, nine per cent of the Queensland and six per cent of the New South Wales state government revenue.

The Henry tax review was initiated for root and branch reform with the intention of delivering a simpler and fairer tax system. Instead, we have 287 pages of legislation that is significantly more complex and considerably less fair. The mining resource rent tax gives an unfair competitive advantage to the big three companies who were allowed to design the policy, such as the introduction of the market valuation system to calculate applicable deductions, which gives the big three a significant tax shield not available to small- and mid-size mining companies. Smaller miners will be forced to either pay the new tax sooner or continue to pay royalties on production while also being subject to increased compliance burdens. This is despite the Henry tax review—in recognition of the significant investment costs inherent in new mining ventures—actually recommending a lower tax burden for smaller mining ventures to help start-up companies grow and prosper.

Earlier this afternoon the shadow Treasurer spoke in this place with his usual eloquence and rhetorical flourish about the ineptitude of this government and their attempts to achieve the first Labor budget surplus since 1989. He highlighted that the mining tax package will actually leave the budget worse off. In particular, over the medium to long term it will worsen the current structural deficit.

Over the first year since the mining tax was first announced, revenue estimates have jumped from $12 billion under the original Rudd model, doubled to $24 billion with revised commodity price assumptions, gone back down to $10.5 billion under the Gillard deal and gone further down to $7.4 billion.
after taking into consideration changes to the exchange rate—and now the estimate is $7.7 billion with further exchange rate predictions.

Treasury documents released under freedom of information requests have shown projections of mining tax revenue to reduce over time to 2020, yet the government’s costs will continue to grow. The cost of the proposed increase in compulsory super to 12 per cent alone is expected to rise to $3.6 billion in 2019-20—which is when it would be fully implemented. That same year, Treasury projections of mining resource rent tax revenue is $3 billion. There is that number three again. This mining tax deal makes the federal budget a hostage to state and territory government decisions to increase royalties on iron ore and coal. It will impose significant additional compliance costs and reduce the efficiency of our tax system. There is even a serious question mark over the constitutional validity of this new tax.

But there is a better way. Genuine and sustainable tax reform can only be achieved through an open, transparent and inclusive process involving all relevant stakeholders. Just like those legends that came before us on the stockade and stood up against unfair taxes and regulations, it is our duty as representatives in this place to stop this divisive, complex and unfair tax from going ahead and to force the government to start again, to focus on getting spending under control and to implement lower, simpler, fairer taxes and genuine tax reform that is based on a proper process, giving everyone a fair opportunity to have their say and be heard. The Australian tradition of struggle for a principle, extolled so beautifully by the words of Mark Twain, would demand no less.

Mr GEORGANAS (Hindmarsh) (17:37): I rise to speak on the Minerals Resource Rent Tax Bill 2011. I want to touch on some of the strands of thought and some of the arguments that have been in the public debate over the past 12 to 18 months. I appreciate the various positions put by numerous parties to the debate in this time. The area of resource taxation is extremely complex, I understand, even for accountants, and I am pleased that the ATO has been involved in the Resource Tax Implementation Group to establish how this package will actually work in reality. We have also had the Minerals Council of Australia sit down and negotiate with the government—as sectional interests should, especially where their members are so directly affected.

This bill provides Australia with great opportunities. As I said, the opportunities that this bill provides cannot be ignored. We cannot afford them to be ignored. We saw incredible change throughout the 20th century, from the dominance of the British Empire, two world wars, the emergence of America and the USSR as superpowers—and the failure of the latter—and the dawning of the Chinese re-creation. Hardly a decade went by without an event of mesmerising significance.

Within Australia, we started last century as, effectively, a group of British colonies. We saw our cities and living standards improve immeasurably with the migrant fuelled economic explosion that transformed the Australian way of life, forging with sweat and brine ‘the lucky country’ badge we subsequently tried to remould into that of ‘the clever country’. After consisting for most of our history of a mine or a farm, some 60 per cent of our economy is now in the services and education sectors. The 20th century was the making of Australia. By the mid-80s, under Hawke and Keating, we even rid
ourselves of subservience to our English court of law in the Privy Council. With that act, thanks to Labor, we actually became a modern, independent nation.

Our transformation continues. The 2010 Intergenerational Report refocused our attention on the many future challenges that are now starting to become immediate reality—in particular, an ageing population. The mass of our workforce will retire in decades to come, and our tax base will battle, as it has been, to sustain the quality of life to which we have become so accustomed. We face challenges of huge proportions.

One of the most substantial transformations that Australia will work through in the first half century of this new millennium will be the reworking of our social infrastructure and systems to afford an ageing population the income it needs and the care it deserves and to keep our national books in very good order and our future bright. None of us wants to become another Greece or Italy or share in what is going on in Europe at the moment.

But how will we do this? It is already apparent. Policies have been pursued by this Labor government to make the substantive changes required of future governments to deliver good governance with prudence. We have already seen the reworking of the age pension, increasing its value in real terms while making it more targeted for those who need it most—a job well done. We have seen the reinvigoration of the private health insurance industry. The membership now is higher than it has been for 35 years. In this area, policies, including some introduced by a previous government, have clearly worked. They have done their job and run their course. And now—to avoid unintended consequences of those policies, to avoid going too far and overbalancing, to avoid falling flat on our collective face—adjustments are required to keep the package and to keep the system on track and on budget. As with most policies reaching maturity, adjustment and recalibration are required.

We have also seen the new deal between the Council of Australian Governments to reinvent healthcare funding across our nation, delivering our first performance targets to drive public satisfaction while maximising the efficiencies we can engineer and driving taxpayers' dollars further—a tremendous result of this government. We are seeing COAG also sign up to another reform, more substantial in conceptual change than both of these just mentioned—bigger than reworking the pension, bigger than reworking health funding and performance. In a sizeable shift, the Gillard government has got all states and territories to give support to the very, very popular principle of a national disability insurance scheme which will fund substantially higher care for Australians in need well into the future.

We have our health budget, our age pension outlays and our disability support pensions-cum-insurance scheme undergoing substantial reform. But there is another Labor creation that is also undergoing a substantial refit to prepare Australia, as a nation, for our future challenges—the increase of the superannuation guarantee to a level that will actually deliver the finance required for people's retirements. And, with this, I get back to the bill before us and one of the outcomes of the passing of this bill. As a result of this Labor government increasing a previous Labor government's super guarantee from 9 to 12 per cent of wages, our ageing population becomes substantially more affordable. For the first time in our national narrative, senior Australians en masse will be independently more comfortable in retirement, able to exercise
their self-determination in living arrangements, home care, health care—whatever they care to afford. If we ever wanted to make good on the clever country idea, this reform will go a very, very long way to achieving it.

This government has been amazingly successful in identifying the major national priorities of this and future Australian federal governments, going forward half a century and acting now to make the inevitable changes smoother, easier and more affordable for us individually and collectively.

Re-engineering our power-generating capacity is another case in point, as is building a continental superfast communications system of great capacity for the century ahead.

The increase to the superannuation guarantee from nine to 12 per cent is just one of the intended benefits of the adjustment to the mining industry's tax regime, as contained in the bills before us today. You will all have noted various other policies. I have spent the last few minutes articulating the dominant challenge that we as a nation need to be prepared for in the decade ahead and how this government is preparing to meet that challenge. With the passing of this bill and the streaming of revenue towards meeting one of the potentially problematic areas of future government outlays, the Gillard government is well and truly leading our nation towards sustained prosperity.

On that point, I want to note a couple of points from the Minerals Council of Australia's submission to the House of Representatives Standing Committee on Economics on Wednesday, 16 November:

Export earnings from both commodities combined in 2010-11 were around $91.7 billion—more than one in every three export dollars earned by Australia, up from around one in 10 a decade ago.

The submission also said:

The minerals industry … accounts for around 7% of GDP, upwards of 20% of national investment and more than 50% of Australia’s exports of goods and services.

This is incredible growth, contributing to the tsunami in capital investment that is just starting to make itself felt and that will continue to drive capacity growth for years to come. This is really the point that the Minerals Council was making. With Brazil and other nations with very high grade ore coming online for the first time, with incredible deposits of wealth only now just starting to be tapped, Australia can only expect the competition within the minerals sector globally to increase. The last decade has seen prices for ore go through the roof. But we should not anticipate more of the same.

To keep our almost dauntingly high income streams into the future, to keep our national export income comparable to what it has become, it makes excellent sense to move from this most recent era of price growth to one best characterised by volume growth. Instead of relying on unprecedented, dizzyingly high prices for our commodities, we should look to sustain cash flow by selling greater volumes. As Labor has been saying for years—and year in, year out during the Howard government—we need to address the capacity constraints in our mineral export industry. The Minerals Council agrees with Labor, saying we need 'sustained capacity building' to 'secure prosperity for future generations of Australians'—capacity building in our ports, our transport systems, our financial markets and our workforce.

As I just said, commodity exports have reached seven per cent of GDP. The Minerals Council sees the value of
commodity exports having the potential to stabilise at around 19 per cent of GDP over the next five years, not including support services—from seven per cent to 19 per cent of GDP in five years. Iron ore and coal reaped $90-odd billion in export income in 2010-11. Commodity export revenues in total are projected to potentially reach $480 billion in real terms by 2030. These numbers, these billions of dollars, may well make a person dizzy.

What is taking place to our north and our north-west and what will continue to take place over the next several decades puts human history in its entirety into a sort of preface, a preamble: the building of China, the building of India—the construction of what will become the two greatest economic powerhouses that the world has ever seen. This is no small project. It requires no small investment, no small resourcing, and Australia is in the box seat, if we play our cards well now, to be the supplier of much of the vast resources that those two powerhouses and others will require for decades to come. This is their century, and we will supply them with their iron. I commend the bills to the House.

Mr TRUSS (Wide Bay—Leader of The Nationals) (17:48): This mining tax is another example of this government's policy failure—another disaster, another mess. But it is also a tax that will have particular disadvantages for people who live in regional Australia. It puts their businesses, families and entire communities in a no-win situation. If the tax becomes law, regional communities will lose the jobs and economic prosperity created by mining development and mineral processing. Most of this industry that is about to be subjected to a new supertax is located in regional communities. The processing sector is also generally in regional communities. In many places, this is the major part of a regional economy. So this is a tax that is going to be particularly focused on regional Australia.

The government has said that any new investment in services in regional areas is dependent on introducing this great big new tax. So, if it does not pass, vital regional development projects will simply not be funded. This is really a shabby sleight of hand from a government promising goodies that it cannot afford, based on a tax that has not passed the parliament and that, if it does, will hurt regional Australia hard. It is lose-lose: either we lose jobs or we lose the promised regional funding activities. In fact, as things currently stand, Labor has already committed $916 million from its Regional Infrastructure Fund—to be funded out of the mining tax—but there is only $400 million in the kitty. The government is calling now for applications for new projects, but there is no money there to actually fund the successful applicants. This is already showing some of the same symptoms of the fraud in the last round of the regional development grants. It was simply a fraud, with most applications being refused altogether and, for states like Queensland, not a single project having been approved west of the Great Dividing Range. In other states, of course, nearly all of the money went to Labor electorates, even though Labor represents only a very small proportion of regional Australia. That means that a lot of communities stand to be dudged.

What we see with the mining tax is a shameless cash-grab from a desperate and financially incompetent government. Mining companies already pay royalties to state governments, a system that has been in place for 100 years. The mining industry and its growth are vitally important to this country. It provides work for over 780,000 Australians—187,000 people directly and a further 600,000 in support industries. The minerals resource industry accounts for more than seven per cent of Australia's economy.
and has invested more than $125 billion in Australia in the last 10 years.

The mining industry's contribution to the Australian economy is now $121 billion a year. It generates $138 billion a year in export income. That is over half our total goods and services exports. The industry spends $35.2 billion on new capital investment, $5.7 billion on exploration and $4.2 billion on research and development. Combining company taxes and royalties at $23.4 billion, the carbon tax at $3 billion and now the mining resource rent tax, the mining industry will be footing a massive $30 billion tax bill. But this is not the first tax this industry pays. It is on top of taxes like company tax, fringe benefits tax, goods and services tax in the form of net refunds, excise duty, petroleum resource rent tax, capital gains tax, luxury car tax and all the other taxes that are imposed on Australian business. At the state level there are royalties, payroll tax, land tax, motor vehicle registration, insurance duty, other transaction costs and the list goes on.

Mr Rudd: Wouldn't you think he'd say something positive?

Mr TRUSS: I am about to quote the minister at the table, Mr Rudd, he will be pleased to know. In an editorial titled 'Pain on the road to recovery' in the Sydney Morning Herald in July 2009, then Prime Minister Kevin Rudd cited official estimates that the mining sector's expansion had delivered a $334 billion boost to Commonwealth revenues in the period since 2004-05. The man who is now the foreign minister was praising the industry for all the taxes it had already paid to the federal government. But that was not enough. We now need another tax on top of all that.

Australians resources belong to all Australians—and that is not new—and it is fair that the Australian people should have a fair share of the benefits of those resources being used in Australia and around the world. That is the foundation of the existing state royalty schemes. Miners do have a responsibility to put back into the community and to partner with regional communities for their social licence. I am not one of those who argue that mining royalties are somehow an inefficient or ineffective tax. The reality is it is a price that miners pay, for using a resource that is essentially owned by the Australian people. I guess, strictly speaking, it is owned by the states, but it is also owned by the Australian people. They are entitled to a fee, a payment, for taking those minerals out of the ground and they are entitled to a payment whether or not the company is making a profit. If they are not making a profit then they are still taking the minerals out of the ground and they ought to be paying a social licence, a royalty, for that.

On top of that we will now have a profits super tax, and that sends the wrong signal. Even in our national anthem we praise the advances of 'wealth for toil'. It is the Australian ideal that the harder you work the greater your rewards. For any government to decide what constitutes acceptable profits—and that, in exceeding this arbitrary threshold, companies need to be whacked with additional tax liabilities—sets a dangerous precedent. Labor's green partners are not satisfied with the super tax just on the mining industry, they want to extend it right across the corporate sector. Every part of business must now be wondering whether they are next.

Never try to be too successful in this country because, if you do, if we have a Labor government it will think up a new special tax to make sure you cannot keep being successful. The very notion that we would seek to bludgeon a successful industry with what amounts to a success tax is certainly sending the wrong kind of signal to
all Australians. What happens if farmers, for instance, have a good season and the prices are high in the world and the Americans get rid of their trade barriers and the Europeans get rid of their trade barriers and suddenly farmers make a profit? Are they going to be slugged then also with a superprofits tax of the nature that is proposed for the mining industry?

It is worth remembering that this is only one of 19 new or increased taxes that have been served up by this Labor government in their four years in office. To every problem, this government's response is a new tax, a new regulation or a new bureaucracy. What they should be doing is getting out of the way. It is important that we provide incentives, rather than discourage industry, to invest and to expand. To make matters worse, this government has refused to release all the modelling and assumptions underpinning this flawed mining tax. We do know that they promised to spend $14 billion from the promised revenue from this tax. But the government's forecast revenue for the tax is only $11 billion. We know that even this expectation has now been completely shot. Three billion dollars has been taken from the expected revenue because of additional royalties levied by the New South Wales and Western Australian state governments. That is a $3 billion hole already in the tax revenue from this mess.

It gets even murkier as deals are done with the Greens and the Independents to try to get the passage of this bill through the parliament. On top of that, since all of these estimates were done the price of coal and iron ore has already dropped by 20 per cent. The revenue goes down again and again. It has once again been a botched process from beginning to end. The public have no reason to believe that any of the numbers that have been served up in relation to this tax will end up being close to the mark.

The negotiations—when we got to the mark 2, 3 and 4 versions of this tax—were held with a couple of ministers behind closed doors. They did a deal with a small group of the biggest players in the industry—and those companies did those ministers over. They got themselves into a position where they have a good deal but they shifted the burden onto the miners who were locked out of this process, who never had a chance to put their case.

And now we have a deal with the member for New England, who has really let his constituents down. He promised them he was going to save them from the coal seam gas industry. And what has he got out of all of his negotiations? He has got yet another committee. He said he was going to have $500 million for studies. He settled for $200 million for a new committee.

I do not think that gives anyone in regional communities any confidence at all that the issues of concern to them are going to be dealt with as a result of this deal.

The cost of the various measures that the government is proposing under the whole mining tax arrangement are also obviously undermined by the fact that the government's own projections keep changing. The revenue estimates started at around $12 billion. Then it became $24 billion with revised commodity price assumptions. It went down to $10.5 billion after the mining tax deal and with different commodity price assumptions, then to $7.4 billion because of changes in exchange rates and then to $7.7 billion because exchange rates changed yet again.

Treasury projections of MRRT revenue to 2020 released under FOI indicate that Treasury expects revenue to reduce over time as commodity prices come back to more normal levels. As the previous member rightly referred to, there is now much more competition in this sector, particularly for
coal and iron ore. The Brazilians and other South Americans are launching a fleet of vessels with capacities of up to 400,000 tonnes, which are going to take away a lot of the competitive advantage that Australia has in the Asian market. The government does not seem to be taking this sort of thing into account when they make their assumptions about the revenue that this is going to raise in the years ahead. Yet the expenditure is locked in, through things like the superannuation changes and a range of new initiatives that they say are going to be key parts of this package. The expenditure is locked in but the revenue is likely to fall.

So you can see that in doing all of this work on the legislation the government have allowed themselves to become very exposed to the decisions of the states. If the states raise their royalties the federal government revenue goes down. Western Australia, New South Wales, South Australia and Tasmania have already increased royalties, and Queensland has made it clear that it reserves the right to do so as well.

Then there is the question of the constitutional validity of this tax. These are serious questions because the tax is on the resource at the point of extraction. Is it, in fact, a tax on state property, as prohibited by the Constitution? A number of states have indicated that they are likely to take High Court action. Then there is the question of discrimination between states, which is also prohibited under the Constitution. This is another mess and there is no doubt that the government has not thought through the implications of the likely impacts on the measures that they propose to fund from this tax when the revenue continues to fall.

There is another point that I think is worthy of recognition. That is the fact that some 65 per cent of the mining tax revenue is going to come from iron ore production in Western Australia. Dr Ken Henry gave that evidence to the Senate mining tax inquiry. It is extraordinary that a new national tax will raise 65 per cent of its revenue from one single state economy. Is it any wonder that Western Australia is concerned about the impact of this tax?

Genuine and sustainable tax reform can only be achieved through an open, transparent and inclusive process involving all relevant stakeholders, not just a chosen few. The government needs to get its spending under control, then focus on lower, simpler, fairer taxes and genuine tax reform based on a proper process giving everyone a fair opportunity to have their say and be heard. We will continue to vigorously oppose this mining tax in opposition, and when we come to government we will rescind it.

Mr ADAMS (Lyons) (18:04): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and other bills. Australia is naturally endowed with large, high-quality deposits of minerals and petroleum that are exhaustible and depletable. The majority of these non-renewable resources are publicly owned and the rights to use, sell and otherwise benefit from them are vested in the Crown.

It is the characteristic of non-renewability that allows exploitation of these resources to generate economic rent or above-normal profit. Economic rent is a return on a factor of production—in this context, mining investments—greater than is necessary to attract that factor into the production process. Economic rent, to the extent it can be identified, can generally be taxed without distorting the decisions of investors.

The minerals resource rent tax is a tax on the economic rents miners make from the taxable resources—iron ore, coal and some gases—after they are extracted from the
ground but before they undergo any significant processing or value adding. Economic rent is the return in excess of what is needed to attract and retain factors of production in the production process.

The MRRT is a project based tax, so a liability is worked out separately for each project the miner has at the end of each MRRT year. The miner's liability for that year is the sum of those project liabilities. The tax is imposed on a miner's mining profit, less the MRRT allowances, at a rate of 22.5 per cent—that is, at a nominal rate of 30 per cent less a one-quarter extraction allowance to recognise the miner's employment of specialist skills.

A project's mining profit is its mining revenue less its mining expenditure. If expenditure exceeds revenue the project has a mining loss. Mining revenue is, in general, the part of what the miner sells its taxable resources for that is attributable to the resources in the condition and location they were in just after extraction—the valuation point. Mining revenue also includes the recouping of some amounts that have previously been allowed as mining expenditure.

Mining expenditure is the cost a miner incurs in bringing the taxable resource to the valuation point. Mining allowances reduce each project's mining profit. The most significant of the allowances is for the mining royalties which the miner pays to the states and territories. This ensures that the royalties and the MRRT do not double tax the mining profit. In the early stages of its introduction, the MRRT, together with the project's starting base, provides another important allowance. The starting base is an amount to recognise the value of investments the miner made before the introduction of the MRRT. Other allowances include those paid for losses which the project made in its early years and for losses transferred from the miner's other projects or from the projects of some associated entities.

The MRRT will ensure that all Australians, not just the very profitable mining companies, can benefit from the mining boom. It will ensure that profits are shared. We understand that many Australians do not feel the benefits of the boom. We understand that many businesses and households are doing it tough. The MRRT will lift the superannuation guarantee from nine per cent to 12 per cent so that more Australians can enjoy a comfortable retirement with the overall superannuation reforms. The MRRT will mean that a 30-year-old worker on average earnings will retire with an extra $100,000 of savings. It will also boost our pool of national savings, and this will strengthen our economy for the future and lock in the benefits of this mining boom for years into the future. Some 30,400 people in the Lyons electorate and 161,700 people across Tasmania will benefit from the superannuation guarantee increases.

The MRRT will also give a big tax boost to 2.7 million small businesses, and this will help many that are struggling. The instant asset write-off means that small businesses can immediately write off each and every asset worth up to $6,500. The Leader of the Opposition would rip out that major tax relief for the same small businesses. That is a big shame.

The MRRT will provide a business tax cut to all Australian businesses, including those which are not in mining. This will help keep unemployment low, which will mean more Australians coming home with a pay cheque to look after their families. The MRRT will invest in infrastructure in our great mining communities, which will help the sector to prosper and support jobs while ensuring that the benefits of the boom are locked in by
reinvesting them in our hardworking mining communities.

We want to see profitable industries in Australia, and, like Dr Washer from Western Australia, I want to see a future for our other main industries—tourism, construction and manufacturing—which must still be viable when other parts of the economy slow down.

When I see the other side of this House not wanting to share the profits of the mining boom across the whole of Australia—and we know that we do have different levels within our economy—I know why I am in the Labor Party. We are about sharing the wealth of our nation and putting it into the future through superannuation so that people will have more superannuation on their retirement; we are about putting that wealth into investment opportunities; and we are about reinforcing opportunities for small business. They will be able to write off $6,500 worth of expenditure, and that will give them a boost, keep them going and help them increase opportunities through new technology—new computers et cetera—for their businesses.

There is a really good opportunity with these bills, and I am really pleased and honoured to be here to give them support. I certainly support the bills.

Ms MARINO (Forrest—Opposition Whip) (18:12): Why are we here again debating what is clearly just the latest—though, I guarantee you, not the last—new Labor Party tax? It is another seriously flawed, ill-conceived tax aimed at making Australian businesses and industry less productive and less competitive in global markets. Why are we here debating a tax which is so complex—it ranges across 287 pages—so costly to business and obviously so flawed in its assumptions that the Treasurer will not release the figures? Why is this government not providing the parliament with its economic modelling of world commodity market price fluctuations on the projected mining tax revenues? The real reason we are here debating this latest inequitable and inefficient Labor tax is simply that this government is vicariously addicted to reckless spending—to wasting billions and billions of dollars of taxpayers' funds—and it now has to tax its way out of a mess of its own creation in order to desperately raise revenues.

I believe that the majority of Labor's planned spending for mining tax revenues could have been already funded and delivered through existing revenues. If the government had not wasted billions of dollars of taxpayers' funds superannuation and tax cuts could already be in the hands of taxpayers without the waste. From pink batts to overpriced school buildings to the massive $1.75 billion blow-out in managing asylum seekers to Green Loans—and all that is just for starters—there is a litany of failed, costly tender processes. There is also Fuelwatch and GroceryWatch—the list is endless.

This government is racing Australia headlong to our highest ever gross debt of $250 billion, and the government continues to borrow $135 million every day, with a daily interest payment of $18 million. What we do know is that this government simply cannot handle money, particularly taxpayers' money.

No wonder the business sector is afflicted by uncertainty. Any business or industry sector actually making a profit right now is extremely nervous. You only have to talk to them: they know that they may well be the next target for the next round of Labor taxes. In fact, the mining tax may well be extended across a broad range of commodities. After all, we have seen the government deliberately misleading the public over the carbon tax, the backflip on uranium to India...
and on asylum seekers—and let's wait and see about their supposedly signed, sealed and delivered budget surplus promise.

Eighty per cent of members of the Australian Institute of Company Directors know that this government simply does not understand business at all—that it fails to consult effectively with business over and over, if at all, in the same way that it failed to consult the 3½ thousand miners in this country. The government designed this tax exclusively with three miners only—not 3½ thousand, just three. No wonder 70 per cent of company directors say that this government will have a negative effect on their business decision making, particularly given what we have seen in the absolutely shambolic process throughout this mining tax. I would suggest that, for the first time ever in the history of this nation, sovereign risk is now a requisite consideration for board members. KPMG and a group of 100 senior finance executives are instructing businesses to look at asset write-downs and impairment tests to assess the financial and commercial impacts of the carbon tax on their interim and annual financial reports.

This tax is also resonating globally on investment decisions. We know that Chinese political and business leaders have raised real complaints and concerns about the mining tax with WA Premier Colin Barnett. We know that the carbon tax alone will eat significantly into the profitability of Australia's mining industry, and that is in addition to the volatility in world markets, as we have heard here, and the indisputable fact that there are other countries with major mining resources that do not and will not have a carbon tax or a mining tax and also have much lower labour costs. But, yet again, the government is deliberately making Australian businesses less competitive.

This is flawed logic, and the government deludes itself that Australia is the only source of minerals in the world. Australia is actually competing every day—just talk to the companies—for markets and capital with countries like Brazil, Chile, Canada and Mongolia, as well as African and Asian countries. It was spelt out by the chief executive of AngloGold Ashanti, who said at the Commonwealth Business Forum in Perth that Australia is 'one of the top sovereign risk countries in the world on the basis of government policy and its demonstrated behaviour in terms of taxation policy and its inconsistency in policy'. If you are around a board table, it is tough making decisions.

The volatile state of the world economy, a possible contraction of global economic growth, a big new carbon tax, a big new mining tax, sovereign risk for the first time ever in Australia, unprecedented government waste, ineptitude on a scale we have never seen before and uncertainty equate to economic and industrial vandalism for the Australian mining industry. This is a time for caution, not a time to increase risk and the cost of doing business. Let us be really clear: it is future project approvals over the next decade that are at greatest risk. They are not at risk because of just one big new tax but because of a government that is openly hostile to business, imposing a regime of multiple new taxes and uncompetitive and uncertain policies, as well as government spending, waste and incompetence at unprecedented levels.

If this were not enough, what is also irrefutable is that the impact of the mining tax will fall disproportionately and unfairly on the Western Australian mining industry. It also appears to be a calculated attack on state rights under the Constitution. It is discriminatory. It is a tax imposed at the point of extraction, which is in effect a tax on state property—prohibited by the
Sixty-five per cent—$25 billion of the $38.5 billion mining tax revenue—will be ripped from my home state. It is unprecedented that the majority of this one new national tax will come out of just one state, Western Australia. Even worse, there has been no consultation on the MRRT with Western Australia, or any other state or territory government.

We in Western Australia—and this is something that I hear from my constituents and it is in their words—have had an absolute gutful of this government using and abusing WA as a politically dispensable cash cow just to feed their addiction to spending and wasting billions of dollars of taxpayers' funds. The heartland of the iron ore and magnetite industries in Australia will suffer the greatest impost, and the government is once again picking winners and losers. The MRRT will disproportionately burden and penalise smaller and emerging operators. The higher effective tax rate will penalise and discourage riskier ventures—those that have far lesser capacity to attract investment than the major miners.

This filters right through the state economy and local employment. For instance, I have a great fencing contractor in my electorate who provides the perimeter fencing for magnetite exploration. When I last spoke to him, he had just two weeks of work left. He told me that the work had stopped because of the mining tax—that companies were not going ahead with their exploration and he had no work for his employees. So the fledgling 38 small magnetite companies trying to get off the ground will not be respected and encouraged by this government for their effort, resilience, enterprise, hard work and willingness to risk their investment funds and employ people. Instead they face counterproductive, increased, unfair taxes—higher than for the mature miners—increased unit costs of production, increased compliance costs, new hurdles and a hostile government. Mining companies will have to be very focused on their MRRT obligations. They will need—and I would encourage them to have—very solid, defensible data, as I have no doubt that the government will be instructing the ATO to aggressively pursue revenue to help shore up their budget surplus and meet their MRRT spending obligations.

I have not seen the several proposed amendments to this bill. However, the Commonwealth should not seek to further override the sovereign responsibilities of the states defined in the Australian Constitution through any of the proposed amendments. The current bill is a slap in the face for state governments that own the resources coveted by the Gillard Labor government.

Our Constitution vests lands, and the minerals they contain, in the states, including the management of lands for the protection of the environment and the benefit of current and future generations who live in those states. For instance, in the case of coalmining and resource exploration in and around the Margaret River region, the state can provide sound process and the certainty required, for all parties, through good planning, so that the future of the region is properly mapped out in an inclusive and thorough process.

One option could be that the Western Australian government develops a Capes Region scheme modelled on the already existing Metropolitan Region Scheme, Peel Region Scheme and Greater Bunbury Region Scheme. These schemes are legislative planning schemes that control planning and development in the regions they cover, which include nearly all of the rapidly growing areas of the state. A Capes Region scheme, like the existing planning schemes, would also be a statutory tool that would have to be passed by the state parliament,

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**Constitution.**
and any amendment would be a disallowable instrument in their parliament.

This would provide the legislative backing and certainty for the region. It would deal with issues such as the potential impacts on the region's key iconic groundwater resources in what is one of Australia's two internationally recognised biodiversity hotspots. In addition, the region is experiencing strong population growth—well above the state and national averages. For example, the Shire of Busselton's four per cent annual growth rate dwarfs the state's growth of 2.2 per cent and the national figure of 1.7 per cent. This means that the South West has to manage its infrastructure needs and natural resources carefully. Shallow superficial aquifers that sustain iconic jarrah and karri forests, and the region's caves, cannot be viewed in isolation because they communicate with the deeper Leederville Aquifer and even the Yarragadee Aquifer. These two larger groundwater sources are key for the growth and even the survival of the region's environmental, agricultural and social assets.

In conclusion, I question the assumptions and the modelling of the mining tax, particularly given market volatility—and we have heard expressed more than once here today how prices have already reduced since this tax was announced and the legislation has come before the parliament. I wonder how the government will fund its mining tax promises if the mining tax does not raise the revenue projections estimated by Treasury. We have already seen the MRRT revenue estimates fluctuate between $7 billion and $24 billion. That is a fair bit of difference, and there are a lot of things the government has committed itself to.

We do know that this government cannot handle money. We also know that it is addicted to reckless spending. And there is a better way. The government should get its spending under control and focus on lower, simpler, fairer taxes and genuine tax reform. It should be equitable; it should include all stakeholders, not just a chosen few; and it should deliver genuine tax reform through proper processes.

Mr Gibbons (Bendigo) (18:25): I rise to speak on the Minerals Resource Rent Tax Bill 2011. The Minerals Resource Rent Tax is about Australia's future. It will help secure the future of all Australians, not just the future of a few mining companies and their wealthy owners. It will boost the retirement savings of about 8½ million workers. It will help low-income earners to boost their superannuation contributions. It will fund billions of dollars of new roads, bridges and other critical infrastructure. It will help 2.7 million small businesses to invest in new machinery and equipment. It will make a major contribution to this country's future, far beyond the current mining boom. And it will do this by ensuring that our largest mining companies pay a fair price for the mineral resources that are owned by all Australians.

No-one disputes the enormous benefit to the Australian economy and the thousands of jobs that mining creates. What is vigorously disputed, however, is whether the Australian taxpayer is getting a fair deal from the extraction and processing of mineral resources which are owned by the Australian people. The big exporting mining sector is now enjoying the benefits of a second commodities boom in little more than a decade. Since the current boom took off in 2004, we have seen prices for iron ore increase by more than 400 per cent and prices for black coal increase by more than 200 per cent. And while it is true that mining companies are taxed on their profits at the same nominal rate as all other companies,
this does not entitle them to get the nation's natural resources on the cheap.

Entirely separate from company profit tax are the amounts paid by miners for the right to extract and sell our natural resources. These amounts represent the cost of raw materials for the mining companies, and they have been typically charged as royalties. The simple fact is that the amount mining companies are paying taxpayers for the raw materials has not kept pace with the soaring prices at which they are selling them to China and other developing countries. In fact, a decade ago taxpayers received about $1 for every $3 of profit that mining companies made; today that proportion has fallen to $1 out of every $7. So the case for the MRRT is quite simple. The nation is clearly not receiving anything like the same benefits from the current resources boom as the mining companies and their executives, and the MRRT will ensure that all Australians get a fairer share from our valuable non-renewable resources. In addition to the MRRT, the existing Petroleum Resource Rent Tax regime is to be extended to cover all oil, gas and coal-seam methane projects, onshore and offshore, to ensure that these projects are treated equitably.

As I said, iron ore and black coal prices have increased by several hundred per cent since 2004. Iron ore, coal, oil and gas are our biggest and most profitable commodities and represent three-quarters of the value of our resource exports and operating profits. That is why the MRRT will only apply to our very largest mining companies. In fact, the MRRT and PRRT combined will only be paid by some 320 companies. And, unlike royalties, one great advantage of the MRRT is that it varies depending on profits, so the higher the mining company's profit, the more tax is paid.

I said earlier that mining companies are taxed at the same company tax rate as all other companies. This is true, but there are billions of dollars of tax concessions that only mining companies enjoy, and which are, in effect, allowed to them by other Australian taxpayers. For example, other companies have to deprecate their capital equipment over its expected useful life, but mining companies can deduct the full cost of exploration immediately. And there is preferential treatment for oil and gas companies that effectively increases depreciation rates for assets like oil rigs. Concessions like these mean that the effective tax rate that mining companies actually pay on their profits is well below the headline rate of 30 per cent. And in some stages of a mining company's life, particularly when it is investing heavily in equipment and exploration, it might be many years before it pays any company tax at all.

In fact, the mining company owned by Mr Andrew Forrest has not paid any corporate tax for seven years.

Mr Forrest is Australia's richest man, worth an estimated $6 billion. He recently acquired a $50 million private jet, and his Fortescue Metals Group is valued at $16 billion. Yet he has not paid one cent in company tax. He is a high-profile and vocal critic of the MRRT, yet he has admitted his company may not be liable to pay that tax either.

But wait, there's more. On top of concessions that allow billionaires to avoid company tax, there are the fuel tax credits—'fool tax credits' might be more appropriate! While working Australians pay about 38c a litre in excise when they fill up their tanks, the likes of BHP Billiton, Rio Tinto and Fortescue Metals get back nearly all of this through tax credits. In fact, the mining industry is the largest beneficiary of the fuel
tax credit scheme, and Mr Forrest gets about $1.7 billion a year back from the taxpayer. So the reality is that the resources sector already gets very generous benefits from the Australian taxpayer when compared with other companies.

I want to turn now to how the revenue raised by the MRRT will benefit all Australians and how it represents a major investment by the Gillard government in this country's long-term future. The revenue from the tax will support all Australian businesses, particularly those that are not directly benefiting from the mining boom, through a cut to the corporate tax rate and additional tax relief for the nation's 2.7 million small businesses. It will also support the Regional Infrastructure Fund with billions of dollars to build roads, rail and other critical infrastructure.

Compulsory superannuation contributions for working Australians will be boosted to 12 per cent to ensure fairer and more secure retirement incomes. About 8.4 million employees are expected to benefit from this measure alone—that is 90 per cent of all full-time workers. Let me give you some examples of what this means. For an 18-year-old entering the workforce on average weekly earnings, these superannuation reforms will add $200,000 to his or her retirement income. Someone now aged 30 will have an extra $108,000 on retirement and someone now aged 40 will be $57,000 better off at retirement. Even someone who is now 50 will get $22,000 more at retirement and be even better off if they take advantage of the new tax break for additional super contributions by older workers.

Currently employers are only required to pay the superannuation guarantee until their employees reach the age of 70. So to allow older Australians to stay in work if they want to, people aged between 70 and 75 will now be included in the compulsory superannuation guarantee. Older Australians with low super balances will also get a boost to their retirement incomes. Workers aged over 50 with balances below $500,000 will be eligible for tax concessions on up to $50,000 worth of top-up funds. The government will also provide up to $500 to individuals with taxable incomes of up to $37,000 at a concessional rate of tax. This will help low-income earners, effectively eliminating the contributions tax they pay on their super.

For businesses, the superannuation guarantee rate will be increased gradually, with initial increments of a quarter of a per cent from 1 July 2013. There will be a phased increase over three years to 12 per cent to allow employers to take the increased contributions into account in future wage negotiations. Many employers will also benefit from company tax reductions. Future wage increases are expected to be sufficient to ensure that real wages continue to grow overall.

Small businesses in particular will benefit from the MRRT. Every small business in the country will get a tax break through instant write-offs for asset purchases of up to $5,000. Currently a small business has to depreciate a computer or a machine over three years. Now that business will be able to write off the asset in the first year, giving them a boost to their cash flow. Up to 2.4 million small businesses, including tradies, will benefit from the simplification of the depreciation rules for other assets, and up to 720,000 small companies will benefit from the reduction of the company tax rate from 30 per cent to 28 per cent from 2012-13, one year earlier than the start of the cut for larger businesses.

Reducing the current 30 per cent company tax rate will create new jobs, attract
investment and grow the economy and is expected to boost long-run GDP by 0.4 per cent. Despite all of these economic benefits, the scaremongering from parts of the business lobby and the opposition is intensifying. A year ago we heard dire predictions that a mining tax would cripple our resources industry. However, since the announcement of the MRRT, the industry has continued to go from strength to strength: There has been a boom in investment, a boom in profits and a boom in employment. New investment in the sector has risen from $35 billion in 2009-10 to nearly $50 billion last year and is expected to be $82 billion this year. Australia’s earnings from energy and minerals exports have gone from $138 billion in 2009-10 to $175 billion last year and an estimated $218 billion this year. Employment in the industry has risen 14 per cent in the past year. That is an extra 27,800 people now bringing home a pay packet each week.

Vested interests will always say whatever suits them so they can tear down important reforms, but the Gillard government is committed to the MRRT and to ensuring all Australians benefit from the big profits many of these mining companies are making. In contrast, those opposite have no plan to capture and distribute the benefits of the current mining boom. The coalition failed to harvest the benefits of the previous resources boom and, given half a chance, they would squander the current one as well. Instead of supporting the sensible measures in these bills, they are trying to wreck a vital reform for these uncertain economic times. Instead of profits based tax reform, which is supported by the mining industry and which taxes only the largest and most profitable companies, they continue to support the inefficient royalties system, which hits all companies—small and big, in bad times and good—regardless of how profitable they are.

The evidence is now overwhelming and incontrovertible: the MRRT and PRRT have not, and will not, discourage investment in Australia.

I might just point out, too, that goldmining in the state of Victoria is exempt from royalties. I am wondering whether that will continue under the Baillieu government because goldmines in Victoria will not be affected by this MRRT tax but they may well be adversely affected if the Baillieu government decides to reintroduce royalties. The royalties system was abolished by the previous Brumby Labor government to attract jobs in the industry and it has done that very well.

The government, through extensive consultation with industry, has designed a tax that will ensure Australia remains internationally competitive. Claims by the member for Groom, for example, that the MRRT poses a sovereign risk to Australia are simply wrong and not supported by any evidence whatsoever. The fact is that last year saw record levels of capital investment in resources and energy projects, despite the industry having full knowledge of the details of the MRRT. New capital expenditure on minerals and energy projects in 2010-11 was the highest on record and nearly four times the average annual expenditure of the past 30 years. Since the government announced the MRRT and PRRT on 2 July last year, we have seen investment not only continue but accelerate, particularly in the three commodities—coal, iron ore and petroleum—covered by these resource taxation reforms.

Claims that the MRRT somehow disadvantages small miners are also wrong and have been rejected by the Minerals Council of Australia, among others. Despite what the jetsetting Andrew Forrest may claim, the vast majority of the MRRT will be
paid by just three companies: BHP Billiton, Rio Tinto and Xstrata.

Those opposite need to stop saying no and support this important economic reform, instead of denying the nation the benefits of our biggest ever mining boom—benefits that include billions of dollars of new roads, bridges and other critical infrastructure, much of which will benefit the resource-producing regions of Western Australia, New South Wales and Queensland.

In summary, the Australian people, and not the mining companies, own the mineral resources in the ground. These resources can only be dug up and sold once, and that is why the Gillard government is committed to ensuring that all Australians benefit from our nation's mineral wealth. The MRRT meets all of the criteria for a good tax. It is economically efficient, it will raise revenue without distorting investment incentives for mining companies, it is fair, and Australia's big mining companies can certainly afford to pay it.

I commend these bills to the House.

Mr SIMPKINS (Cowan) (18:39): I rise to speak on the Minerals Resource Rent Tax Bill 2011 and the related bills. It is always a joy to hear the government talking about wild, profligate spending and squandering. At the end of 2007, I could have sworn that the then government had this country in great shape, with surpluses running for years and money in the bank—all investments for the future. Then, after the last four years, we suddenly do not seem to have any more money in this country. If anything, this is a government defined by taxing and spending.

We heard the Treasurer talking about DNA. What their DNA really means is that 'tax and spend' is the only way forward. I look upon my position as one of responsibility to my constituents of Cowan—fundamentally, Western Australians. I remember as part of the 2007 election campaign doorknocking in the suburb of Girrawheen, in the south of Cowan. As I was walking along a street not far from the then Blackmore Primary School, I saw an ALP brochure floating across the ground, having been blown from some letterbox—from which it had been ditched, no doubt. On that brochure, I saw lines from the then Labor Premier of Western Australia advocating to local Cowan residents that Kevin Rudd's Western Australian Infrastructure Fund would give back millions of dollars a year to Western Australia. I also remember the television advertisement with Kevin Rudd standing up in Kings Park talking about all the great things he was going to do, including the WA Infrastructure Fund. In fact, that is probably the last time I heard of the WA Infrastructure Fund.

According to Dr Henry—and the government tells us to rely on his word—65 per cent of the mining tax will come from Western Australia. I guess when, back in 2007, Kevin Rudd talked about the WA Infrastructure Fund, which never came to pass, what he was thinking about was some sort of fund generated completely or substantially by what is the property of Western Australia. I really do look upon this attack on Western Australia, this fundamental drawing of so much wealth that belongs to Western Australians, as a betrayal by the Labor Party's MPs and senators, all of whom are clearly very happy with shipping out all that cash from Western Australia. So clearly the priorities are there.

I made the point before that the Constitution actually talks a little bit about this. It talks about who owns what, and the owners of what is in the ground are actually Western Australia, the taxpayers. The people of Western Australia are the owners of this. When the government talks about how all these resources are the property of the
nation, they are incorrect. They are actually the property of the Western Australian people.

The Western Australian government has been greatly, and appropriately, opposed to this action by the federal Labor government and their Green partners—and the Independents, but we will get to them shortly. When the Premier has had the temerity to make the point that, in accordance with the Constitution, these resources belong to the state, he has been met with threats of penalties, GST carve-up attack and barring access to federal funding. For trying to enforce the constitutional rights of Western Australia, the Premier is threatened with an even worse result from the GST carve-up than is currently the case. It is an absolute disgrace. I probably need to move on because I do not have the time to cover so much ground.

One of the points is: why is this tax actually required? If we cut down to it, what the government are desperately holding on to now is trying to get to the point where there is actually a surplus in the budget papers for the coming 2012-13 financial year. That is one of the big objectives. Of course, they have a hell of a lot of spending that they want to do. They want to line up and embed a few structural deficit problems into the future. I will also get to that.

What this actually means is that it is a tax, and it is a tax to create the illusion of a budget surplus. Then it will be followed up with spending which actually exceeds the revenue that the tax will take in. By that I mean that at the end of the next decade the bottom line to the budget will actually be $20 billion in the red as a result of this—particularly when you look at how the Assistant Treasurer has talked extensively about the superannuation aspect of these bills. The cost to taxpayers of the proposed increase in compulsory super to 12 per cent is expected to rise to $3.6 billion by the 2019-20 financial year. So the government accepted all that responsibility for future taxpayer generations but, unfortunately, in that same year the MRRT revenue is expected to be just $3 billion. So the budget will be $0.6 billion in the red for 2019-2020 based just upon the superannuation aspect of this. It is no wonder that we then get to $20 billion in the red for this whole tax—this imperfect and, really, incompetent tax.

Again, as I said before, the realities are that this is just a government that is very much into finding a tax—it likes all taxes—and then it is very keen on just shipping it out the door immediately. Unfortunately for Western Australians, the money that is being generated is fundamentally from Western Australia and being spent elsewhere. And by embedding structural deficits in this taxpayer funded pay rise there is trouble ahead for the future.

I look back and remember how Treasurer Costello, the last Treasurer to actually produce surpluses in this country, created the Future Fund, which was meant to look after unfunded liabilities for federal Public Service superannuation. And here we are, going back into that whole arrangement again. I really wonder whether maybe it is the government's plan to create that structural deficit or to further the structural deficit in the budget. Is that about a taxpayer funded pay rise for people or it is part of an early pension payment plan?

I think that the Australian people are pretty smart. When they look at the sort of debt that this country has amassed so quickly under the current government they realise that someone actually has to pay in the future. We do not want to end up being like Greece in the future. We do not want to end up living beyond our means. If you make the
case to the taxpayers that there is money to be repaid and that this country has to get back into a surplus—that debt has to be repaid—they are pretty smart and they will realise that maybe we cannot afford to do this sort of stuff. But until there is a change of government I cannot see that anyone is going to be making that case.

I did mention the Independents before. There are, of course, a number of Independents who always back the government, and the government depends on them for their continued survival along with the Greens—who it is completely in bed with. I do note that it has been said that the deals that the government has done with the Independents have cost another $300 million over the next five years. I know that there are another series of committees, reviews and other inquiries. Those are the sorts of things that do thrill the member for Lyne and the member for New England. They do thrive on these sorts of things; it makes them feel like there is some sort of progress actually taking place. Again it comes down to the fact that someone has to pay, and I think I have made the case that it is Western Australia that is definitely doing all the paying in this matter. Really, it is the case that the Labor Party, the Greens and some of the Independents are very much into milking Western Australia and making the most of the other mining-rich states.

It is all flowing one way; there is hardly anything going back the other way. It is no surprise really that this has been greeted with such opposition by the state Premier for Western Australia, the Hon. Colin Barnett, and also by others who see that maybe this whole mining tax is something that should be challenged in the High Court with regard to the Constitution. As I said before, it always comes down to the government saying, 'It belongs to the Australian taxpayers,’ when in fact that is not true.

I would also like to speak about the impact on small businesses. I know that this has been raised by other speakers, but the entrepreneurs tax offset legislation that was brought in by the last government gave quite a boost to these very small start-up businesses. I think that some 145,000 businesses will be worse off. These businesses generate very small revenues, but they will not have the tax benefits as a result of changes brought in under the legislation that we are considering tonight.

The government may talk a lot about their one-off tax write-off, but this is something ongoing for a number of the microbusinesses in Australia, which really do represent the entrepreneurial spirit of this country. Those microbusinesses, those neighbourhood start-up businesses, have the same sort of mentality and commitment to success that led the much maligned—and the government—Andrew Forrest to create a great employer of Australians and of Indigenous people.

The government's attack on these microbusinesses and small entrepreneurs in some ways is quite similar to the denigration that the government heaps upon Andrew Forrest and those people who are actually producing something for this country rather than just pursuing the redistribution of income from those who produce.

I am about to run out of time, so rather than go too much further into this I will briefly comment upon the thought by the Prime Minister, which still has to be ratified by the factions at the Labor Party conference, to sell uranium to India. We applaud that because we think it is a good thing for Australia and for India as well. It is a bit of a pity, though, that in August 2009 the now Prime Minister was quoted as saying, 'As a principle, we do not sell...
uranium to countries that have not signed the non-proliferation treaty.'

The DEPUTY SPEAKER (Hon. DGH Adams): Order! The member is straying from the bills.

Mr SIMPKINS: I am just talking about mining, but I will move on. As a Western Australian I believe it is my duty to oppose this tax because it is not good for the state and it is not right. No country has ever taxed itself into prosperity. This is just one of 19 new or increased taxes in the last four years by this government. In the future this government will be defined as a tax and spend government with terrible financial management. This tax will embed structural deficits. I will never support a tax that is an attack on Western Australia.

Mr JOHN COBB (Calare) (18:54): The coalition does not support the Minerals Resource Rent Tax Bill 2011. It is just another disastrous economic policy of Labor that will particularly hurt regional Australia. It will be devastating to my electorate of Calare as well as the national economy in the long run. Worse still, it will not produce enough revenue to fund the initiative promised by one of the two most fiscally incompetent governments of my lifetime, and I do not need to mention the other one.

I note that the MRRT is a project based tax on the economic rents miners make from the taxable resources, which are mainly iron ore, coal and some gases. The tax is imposed on a miner's profit at a rate of 22.5 per cent. The Gillard Labor government's tax scheme, like most things they attempt on an economic basis, is utterly flawed. It is dividing the industry. It is completely unfair. It will reduce our international competitiveness. It is fiscally irresponsible, which is hardly a surprise given the sort of legislation we have seen over the last four years. Most importantly to me, this tax will do nothing but hurt regional areas like Calare.

Mining is one thing that my electorate of Calare does. Agriculture, energy production, forestry and transport are also major industries, but mining is certainly one of the biggest employers in the electorate along with small business, which is almost always the biggest employer. We have the Northparkes mines just north of Parkes between Parkes and Peak Hill, the Cadia mine west of Orange and the extensive Centennial Coal mines across the Lithgow region. Xstrata has some mines there as well.

Mining in Lithgow has played a major role in the region's economic prosperity for basically 150 years. There is the Clarence Colliery, the Airly mine, the Angus Place Colliery, the Springvale Colliery, the Charbon Colliery, the Ivanhoe North Colliery, the Lambert's Gully mine, the Invincible Colliery and the Cullen Valley mine. Needless to say, all these towns and regions rely heavily on the mining industry for their prosperity and their jobs. These mines do not just supply jobs to the towns; they bring families to the bush, attract investment, financially support local clubs and events, and help small business do what they do.

According to the ABS, retail and construction are also two major employers in my electorate. Quite obviously you do not have to be a rocket scientist to know that that is correct. These sectors rely on people and, more importantly, on people moving to the local region, and mining brings them. But, as is expected of this government, with no concern or appreciation of the bush it wants to introduce a tax that will cut these mines and these towns down—I am not sure what kind of common denominator it is looking at but it certainly is not looking at one that will be in the interests of the regions.
The MRRT has problems associated with it. The primary issue is that it hurts the little guys. This government decided to rely on Australia's three biggest mining companies—Rio Tinto, Xstrata and BHP—to help design the tax and to speak on behalf of the industry. I do not think it takes a rocket scientist to realise that companies the size we are talking about have a somewhat different perspective and a somewhat different ability to deal with these issues. All other competitors were locked out of the process. Does this make sense? I guess this is a government that likes to deal with big companies and big unions. It does not like to deal with ordinary people. It certainly does not like dealing with small business. It certainly does not like dealing with agriculture.

The smaller and mid-tier coal companies are the focus of the tax. They are the ones that are going to suffer the most. The three big mines will not be paying the tax in the early years but the smaller mines will. These smaller companies will either pay the MRRT sooner or continue to pay royalties on production. I think Twiggy Forrest hit it on the head when he said that this tax will hit the small miners instantly. That will mean that Calare's mines will find themselves instantly less competitive against the larger mining bodies. That should not be surprising given that this whole thing was worked out by those large mines.

As I said, this tax is divisive and unfair. The mines in Calare can ill afford to be hit by this tax. The local mines in Calare are not the big guys. They are amongst the smaller mines in the Gillard-Bob Brown government firing line. This legislation also flies in the face of the government's beloved Henry tax review. It recommended a lower tax burden for smaller mining ventures. Instead, smaller and mid-tier mining ventures will pay a higher effective tax rate than the big three.

The two miners who do most of the coalmining in my part of the world are Centennial and Coalpac. With the introduction of this tax, both companies will find themselves instantly less competitive against the larger mining bodies. The smaller companies will pay the tax sooner or continue to pay royalties on production while also being subject to increased compliance burdens. Centennial Coal is an exporting orientated company. While Australia may be a significant exporter of minerals, we do not dominate any of the major markets. Due to the global nature of coalmining, this tax will severely jeopardise the Australian mining sector's ability to compete on the world stage.

There is a very real situation in central western New South Wales revolving around Lithgow and Bathurst. The combined introduction of the carbon tax and the MRRT will significantly increase the risk of investing in Australia's resources sector. The combination of the carbon tax and this new mining tax could not come at a worse time. With faltering world economies, our government should be doing everything they can to support our strongest performing sector and get behind it, not to get on top of it and not to penalise it.

The mining industry has supported Australia through the tough times—yes, and done well out of it. During the global financial crisis the mining sector played a large role in keeping us afloat. We are like Brazil and the mid-west states of America: we are productive. We did not need to rush into borrowing a couple of hundred billion dollars just so the government could hand out $1,000 to people. We did not need to do that. We were always going to get through that because we are a resource economy. This tax is essentially about the government pilfering our nation's most successful industry to pay for their own waste, their
own mismanagement and the fact that, in less than two years, they ran up a debt higher than Hawke and Keating were able to do in 14 years. Unfortunately, no amount of money can put an end to this mismanagement.

As was said earlier this afternoon, how often does a government look to introduce a tax and go more into debt and pay more money because of it? That is what they are going to do with this one. The Treasury modelling suggests that revenue from the MRRT will total $38.5 billion but the cost of promises made by Labor and the Gillard government as a result of the mining tax total $57.6 billion. If it were not so serious, it would almost be a thing of mirth. But it is not; it is real life and it is going to hurt my part of the world and it is going to hurt a very large part of Australia. Countries like Brazil and even Indonesia, which has considerable coal deposits—though people seem to forget that—must think this is the greatest thing and has given those countries the greatest competitive advantage on top of the carbon tax.

I have grave concerns about the government's so-called promise to prop up the Regional Develop Australia Fund from the tax. Future rounds of this program will only continue if this tax goes through. I guess that is a blatant example of blackmail, but it is so very typical of a Labor government with no understanding and no realisation of what makes the bush tick. The people of regional Australia deserve better from a government that promised to deliver for the regions. It is very much taking from both sides of Paul to give to Peter. The chance that the revenue from this tax will go back to the regions is pretty slim. You only have to look at the track record of this government, and the Regional Infrastructure Fund is a prime example. There was $400 million allocated from a regional fund of $1 billion to go where? To go to Alice Springs, Broken Hill, Condobolin or Karratha? Which region? No, it went to Perth Airport. If anything should warn regional Australia how important they are, 40 per cent of the only seriously allocated money to the Regional Infrastructure Fund went to Perth Airport. The last time I looked Perth was a metropolitan capital and it was not part of the regions. I guess if anything told us how important we are in the regions and how this government's word cannot be taken at face value, that is the greatest example of it.

The coalition has a far better solution to a disastrous, crippling tax. As the shadow finance minister said earlier today, everything the government has worked out is on the best prices that ever existed for iron ore and coal, and only a small reversal in what these things are being exported for will bring this whole scenario tumbling down twice as fast as could possibly happen. We believe this MRRT should be stopped now and that the government should start again. It needs to get its spending under control and stop formulating toxic taxes to pay for its waste and mismanagement. We believe serious, genuine, sustainable tax reform can only be achieved through an open, transparent and inclusive process involving all the relevant stakeholders, not just the three big ones. The government loves big business and big unions because it only has to talk to a few and does not have to take account of people. Unfortunately for this government, regional Australia is about people and small business and the people who work for it.

Only then should the government focus on lower, simpler, fairer taxes and genuine reform.

It is the people living in regional Australia who are going to be hardest hit. Of the almost quarter of a million Australians that
are directly employed by the mining sector, most of them are from our regions. That is not to mention the tens of thousands of small businesses, service entry and so on who indirectly rely on the mining sector. The towns and cities of Calare, in particular, rely heavily on the sector. Many of our towns certainly would not exist in the state they are. While the central west of New South Wales is big on agriculture, forestry and various other industries, including tourism, mining is central to its existence. I fear for the businesses that rely on the mines. I fear for the schools, the hospitals, the shops, the cafes, the sporting clubs and the youth groups. I fear for the shareholders who will desert foreign investment, and communities will be left wondering what happened.

This is a tax on regional Australia. It is a tax on small communities that rely on mines. It is a tax on electricity and anyone who uses it. It is a tax on the productivity of an industry that has helped to build our region. It is a tax on heating our homes in winter and cooling them in summer. It is a tax on our community's way of life in country Australia. It is a tax that starts on 1 July next year which, combined with the most toxic tax of all, the carbon tax, will see us all suffer. I cannot stand idly by and watch this government do over regional Australia again.

Dr JENSEN (Tangney) (19:09): Hot on the heels of the carbon tax passing the Senate, the Gillard government has rushed another swathe of bills into this place that continue a tradition for this government. A wealth redistribution bent is becoming entrenched in all Gillard government policies—quick-fix tax grabs that move to plug budget black holes and pay for idealistic policies that aim to solve every problem for every Australian.

The minerals resource rent tax is another piece of legislation formulated without due consideration of the true impact it will have not only on industry but also on wider society. Tax the rich to give to the poor, says this government, and all our problems will suddenly go away. But, like any fairytale, it is not quite that simple. As the Select Committee on the Scrutiny of New Taxes stated in its interim report:

The Gillard mining tax is divisive, complex, unfair, fiscally irresponsible and reduces our international competitiveness ... It gives an unfair competitive advantage to the three largest miners and makes federal budget outcomes hostage to decisions about royalties by state and territory governments.

Surely this is a lesson not to introduce a new tax. There is little in these bills worth saving. The government must start from scratch and pursue a genuine tax reform agenda to achieve a lower, fairer and simpler tax system through open, transparent and inclusive engagement with all stakeholders. Failure to do so in the case of this mining tax will only reinforce the current iron ore oligopoly, lock potential new smaller and mid-tier producers out of the market and act as a significant disincentive for new developments and diversification in the future. Failure to do so will also cast questions on the way this government does business with the private sector.

Recently, while on these shores and standing in this place, President Obama spoke of freedom, prosperity and liberty. The alternative Prime Minister echoed these sentiments, as did importantly our Prime Minister—importantly because this philosophy is ignored in the mining tax legislation. A nation cannot express its fundamental principles in ideologue but forget them when it comes to writing the laws of the land, which it should go without saying must always be in the best interest of all citizens. This government has divided the mining sector by making the three biggest
miners co-signatory in the design of this new tax.

The Prime Minister afforded Xstrata, BHP Billiton and Rio Tinto an unprecedented position to act on behalf of the entire industry. Three big miners with well-established projects have written every advantage into the negotiations they can with offsets and tax deductibilities galore. But it leaves us with legislation that illegitimately disadvantages smaller operators. The disadvantages are due to lower economies of scale and consequently higher unit costs of production and their often single-project status which prevents the transfer of unutilised losses and royalty allowances to related projects. This delays cash flows, reduces profitability and introduces a risk that some losses will never be recovered. And their higher risk profile reduces the availability and increases the cost of both equity and debt.

This would only be aggravated by the higher level of taxation due to the MRRT. The Henry tax review, from which the idea of the MRRT stemmed, was supposed to be about root-and-branch tax reform to deliver a simpler fairer tax system. Instead, the Gillard mining tax is more complex, less fair and continues this government's trend of ignoring its own advice with a view to economic expediency. The Henry tax review recommended a lower tax burden for smaller mining ventures, to help start-ups grow and prosper and to keep mining ventures in their decline phase alive longer. Instead, smaller and mid-tier mining ventures will pay a higher effective tax rate. These companies feel understandably aggrieved that the mining tax will make it harder for them to compete with those big multinational, multicommodity companies.

With consideration of the government's own modelling as outlined in the Treasury's second exposure draft, an emerging producer starting after 1 July 2012 will pay a much higher level of total taxation—corporate income tax plus net MRRT and royalties—compared to an identical project which was already in existence prior to 2 May 2010, when the MRRT was first announced. There will be a time lag before the project which was in existence before 2 May 2010 will pay the same effective annual rate of total tax as that on a new project starting after 1 July 2012. These bills have fundamental unworkable flaws. It would be most acceptable for the government to expand the scope of its analysis of the impacts of this tax beyond the Select Committee on Scrutiny of New Taxes. Further inquiry would demonstrate the government should take measures to establish a higher degree of competitive neutrality in the MRRT legislation.

The mining sector is hugely important to Australia's continued prosperity. It is an industry where Australia has an international comparative advantage for now. Mining accounts for nearly two-thirds of the value of Australia's exports of goods and one-half of Australia's total exports of goods and services. Mining directly employs 224,000 Australians and there are tens of thousands of additional Australians in manufacturing, mining services, construction and infrastructure working to support the mining sector. In 2010-11, mining accounted for almost 40 per cent of all business investment in Australia. Forward estimates suggest mining will account for over half of all business investment in 2011-12. That makes the sector a major driver of growth today. Investment in this sector will add to Australia's economic activity for many years to come.

Australia is competing for scarce capital and jobs in the world market. There are plenty of other countries seeking to develop
their mining sectors. At this time of global economic uncertainty, governments and public policy makers around the world are focused on saving old jobs and creating new jobs. Why then is this government introducing job-killing legislation? You do not win a game by hampering your best player. With the MRRT there will be a strong incentive for companies with diversified operations to place new capital in countries where they will get the highest return after tax. This will reduce the flow of capital to the higher-taxing countries and those higher-taxing countries may soon be Australia.

The mining tax is not the cure-all serum the Treasurer is searching for to bring the budget into surplus by 2012-13. Treasury projections of MRRT revenue to 2020 indicate that Treasury expects revenue to reduce over time as commodity prices come back to more normal levels. Over the first year since the mining tax was announced, revenue estimates have jumped around from $12 billion, up to $24 billion, back down to $10.5 billion, down again to $7.4 billion and up slightly to $7.7 billion. But the cost of measures the government has attached to the MRRT will continue to grow strongly over time against these declining revenues. Over the next decade, the Senate inquiry into the mining tax has conservatively estimated that the net cost of this tax will be $20 billion. The cost of the proposed increase in compulsory super to 12 per cent alone is expected to rise to $3.6 billion in 2019-20. That same year, the Treasury projection of MRRT revenue is $3 billion.

These deficits could be significantly reduced or eliminated by legislation that does not illegitimately disadvantage a significant proportion of the mining sector. More fundamentally, these are deficits that Australia could rally against if the federal government revisited its contract with the Australian people. Taxation is one of the most complex and delicate policy areas entrusted to law-makers. Taxation reform must be an ongoing process. It must not to be targeted at one industry in isolation in an attempt to profit from private enterprise success. Australia needs genuine taxation reform, not lazy tax grabs. Australia needs taxation reform which is focused on delivering lower, simpler and fairer taxes. Australia needs tax reform aimed at improving our productivity and international competitiveness to encourage increased workforce participation and enterprise, and to attract investment.

Genuine tax reform must be accompanied by a serious effort to reduce government spending and waste. Asking if the measures require the funding of this new tax is something the executive powers section of the Constitution charges the federal government with involving itself in. Or are these issues best left to the private citizen to tackle with income that should be left in their back pockets? The goal of tax reform must be to reduce the overall tax burden of the Australian community.

I return to the words of the President of the United States of America, the Prime Minister and the alternative Prime Minister last week: 'Freedom, prosperity, liberty'. These words were echoed in this chamber by all leaders as the very values by which our nation has prospered. This freedom is also freedom from taxation, freedom from social engineering and freedom from unjust wealth redistribution. We cannot forget this when speaking to legislation and ultimately casting our vote on bills that so clearly subvert these ideals. The current ad hoc nature of taxation reform in Australia must be consolidated into a coordinated framework that focuses on spending reform. The work of the Henry tax review would be reconsidered and all state
and territory governments would be actively engaged.

I wish to speak now with specific reference to my state of Western Australia. To this day there has been no consultation with any of the state or territory governments about the implications of the mining tax. This is despite resource royalties representing 20 per cent of WA state government revenue. At the time the government signed the deal with the big three miners, Treasury assessed that the MRRT would raise around $38.5 billion annually. About 65 per cent of that revenue, or $25 billion, is expected to come from iron ore production. With almost all the iron ore production taking place in Western Australia, the MRRT is a massive and disproportionate national tax impost on this state's economy. WA Premier Colin Barnett also questions why the tax will not be applied universally to all mining operations—namely, high-grade haematite and low-grade magnetite.

This tax is a further intrusion of the government into the revenue sphere, autonomy and budget flexibility of the states and territories. While the mining tax is envisaged to operate alongside state royalties, with a tax credit available for state royalty payments, I suspect there is a significant risk that states will effectively be crowded out of this revenue base. Industry is also likely to bring pressure to bear on the states to abolish their royalties so that companies need comply with only one regime rather than two. Such an outcome would increase WA's reliance on Commonwealth grants and exacerbate the already high vertical fiscal imbalance between the Commonwealth and WA. The absence of a Commonwealth, state and territory agreement was always going to expose the federal budget bottom line to future royalty increases in any state or territory. How the federal government ever thought they could 'reform' resources taxation and royalty arrangements without actively engaging the states and ultimately reaching agreement with the states is beyond belief. After all, the resources belong to the states, not to the Commonwealth.

The government has made a mess of its attempts to reform our tax system. It should cut its losses and start again. Genuine tax reform can be achieved only through an open, transparent and inclusive process involving all stakeholders, including state and territory governments. The combination of highly volatile revenue from the MRRT expected to reduce over time and the increasing cost of associated measures over time, as well as state and territory royalties being credited by the Commonwealth, creates a fiscally irresponsible combination. There is no need for a multibillion dollar new tax on top of the existing mining taxation framework to ensure an appropriate return for the community. The government's MRRT will handicap Australia in the global competition for scarce capital and jobs. It carries significant risks for Australia's long-term economic prosperity. The coalition opposes this mining tax.

Mr BRUCE SCOTT (Maranoa—Second Deputy Speaker) (19:24): I rise this evening to speak on this Minerals Resource Rent Tax Bill 2011 and the associated bills, which, of course, includes an amendment moved by the member for Kennedy to the second reading motion. This is a new tax; it cannot be cast as anything else. It is another new tax that this government wants to introduce and that will not only have an impact on the competitiveness of the mining sector in Australia but also, if the government is successful in getting it through both houses, rip more wealth out of the regions. We know from the experience we have had of this government, particularly with the regional
development grants that came out only recently, where the money will end up: it will not end up back in the regions.

The government is telling us also that it wants to invest in the regions, and I will touch on that a bit later, but it also wants to use the tax to increase the superannuation savings guarantee from nine per cent to 12 per cent over the next six to seven years. That is a laudable objective. We all agree on this side of the House that we need to encourage people—workers and people in business—to put money aside for their own retirement, because we know that in years to come there will be a smaller group of Australians paying tax and there will not be the capacity to meet, you might say, the pension entitlements that we have in place today. So it is important that we plan now to make sure that we have superannuation savings accumulating during workers' working lives. But the government said that it will be using this money to increase the superannuation guarantee from nine to 12 per cent. It is going to be the small businesses paying that increase from nine per cent to 9¼ per cent to 9½ per cent and progressively upwards towards 12 per cent, not the government. When the Labor government under Hawke and Keating introduced compulsory superannuation, it was offset with what would otherwise have been a tax cut through the budget process, so it was not borne by the employer. But this will be borne by the small businesses, so it will be yet another tax applied to small business—albeit we on this side of the House support the need to encourage superannuation savings over people's working lives.

The government also said that they have pledged to set up a Regional Infrastructure Fund and also Infrastructure Australia to invest in road, rail and port infrastructure. It all sounds very nice, but the money is coming from this new tax. I just remind the House: when we were in government—the member for Cowper would remember this—did we introduce a new tax to start the progressive upgrade of the Pacific Highway? We did not introduce a new tax to do it.

Mr Hartsuyker: We did it from revenue.

Mr BRUCE SCOTT: We did it from revenue, because we were prudent managers of budgets. The very successful Regional Partnerships program and the Sustainable Regions Program—if we want to refer to regional infrastructure—were programs run out of budget revenue. We did not introduce a new tax. It just demonstrates the way that this government thinks. If it wants to do something, it thinks, 'Where can we tax the taxpayer? Where can we tax, in this case, the resource sector? Where can we get more money?' It is about taxing and spending. That seems to be its whole modus operandi. It just cannot manage money.

I mentioned Labor's Regional Development Australia funding. We have had one round of that, and we have had all our regional development committees in our electorates. I encouraged mine in my electorate of Maranoa to get out there and get worthwhile projects. We have had local mayors and committees meeting and organisations and businesses putting their submissions forward. People travelled hundreds and hundreds of miles and gave their time to go through this process. Then, of course, the announcement came. West of the range in Queensland, not one project was funded, notwithstanding that we had some very, very worthwhile projects.

What is even more interesting is that the government says it was a program for regional Australia. In fact, at the opening of parliament, when the Prime Minister took the
vote from the crossbenches to enable her to become Prime Minister, she said that she was going to be a Prime Minister for regional Australia. The very first chance she had with her government and her leadership to be able to deliver to regional Australia was with those announcements for regional Australia.

Labor holds just 23 of the 62 regional electorates in Australia. Most of the electorates are held by the coalition in regional Australia and yet in the first round of grants we were missing in action. Our electorates were somehow just not considered to be regional Australia. It is about trusting the government with money. Why would we support this new tax and trust them to do as they have pledged to do if they are successful in getting this legislation through both houses of parliament? We really cannot trust them.

We had wonderful projects put forward by organisations in my electorate. Mr Deputy Speaker Adams, you would know very well an area out there in western Queensland very near Mount Margaret—Plevna Downs. I think you may know the property well from your days when you were involved in the wool industry. Some magnificent dinosaur remains were recently discovered there. There is a wonderful project there and they need some regional development funds for that. A lot of work went into a very professional application. It had support from the oil and gas industry out in that part of the world and from the local government. But did the grant come through? No, it did not.

We submitted a regional development grant application in Longreach for the Stockman’s Hall of Fame. We submitted one to establish a Barcaldine day care centre where there is not a day care centre today. If we are going to keep young people in rural and outback Australia, we have to have the infrastructure that supports young families. The regional council based out of Roma, the Maranoa Regional Council, had a great project to provide a new aged-care facility in the town of Mitchell so that they could keep their community together and so that people as they aged would have the confidence they could move from their home into an aged-care facility that was approved and accredited. Whilst the one they have now is a wonderful building, the community accepts that one day it will not meet accreditation standards and it is thinking about the future. Did it get funded? No.

I will certainly be watching the next round of funding. I have got all of my energy focused on those communities that put in applications before, making sure they meet the new guidelines because they have changed again. I will be encouraging them to shortlist two or three or four in each of the regional development areas in Maranoa, of which there are three, and submitting those projects again. I hope that this time we will see the process deliver for the genuine areas out there in regional Australia that have very worthwhile projects that do deserve the support of the government.

When I talk about the experience of dealing with Labor governments and how they manage money, there is no better example of the mismanagement of money than the Queensland Labor government. They have been in government almost continuously for a little over 20-odd years now. They are confronting the electorate next year. When it comes to managing money the Queensland Labor government just have not got a clue. Against the backdrop of the biggest mining and resources boom that we have seen in Queensland, the Labor government continue to rack up debt. They have racked up a $89 billion to $90 billion debt against the backdrop of the growth that we have had in
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the state of Queensland and the receipt of huge mining royalties. Against the backdrop of all that they were still able to mismanage the economy and rack up debt to the tune of $84 billion to $85 billion. I cannot give you an accurate figure but it is in that order, Mr Deputy Speaker. Not only have they racked up this debt against the backdrop of the biggest mining boom in Queensland where they received something like $3 billion in the 2008-09 year as mining royalties but this federal government, I understand, also want to get their fingers into that pie as well.

Queensland has also lost its triple-A credit rating. That is an absolute disgrace for the state of Queensland. No wonder Queenslanders are going to revolt against this government at the next state election. We have always believed in our great state of Queensland and the growth of Queensland. We do not take failure in Queensland, but we have a failed Labor government up there that has failed to manage the economy.

Mrs Prentice: It is a shame.

Mr BRUCE SCOTT: It is a shame, as the member for Ryan interjects.

The DEPUTY SPEAKER (Hon. DGH Adams): Order! I ask the honourable member to come back to the bill.

Mr BRUCE SCOTT: I accept that, and I will come back to the bill, but I just wanted to demonstrate in that example that when it comes to managing economies we know we cannot trust Labor. Why would we trust them to go in and tax the mining sector, still manage the economy and deliver infrastructure for regional and rural Australia?

I notice that the Attorney-General of Queensland, the Hon. Paul Lucas, has put out a press release relating to the Queensland government wanting to get their fingers into some of this infrastructure money from Infrastructure Australia. They have listed some nationally significant, high-priority road projects. The Bruce Highway upgrade is in the early stages of development. The Cooroy to Curra section A is apparently ready to proceed and is 'nationally significant'. The Mackay ring-road is 'nationally significant'. That is the category they put them under. They have also listed the second range crossing at Toowoomba. It is a nationally significant crossing which I absolutely support. But, when it comes to a proposed pipeline and when it might be ready, it just says that the second range crossing has 'real potential'. It does not say it is ready to proceed. It just says it has got 'real potential'. We know it has got real potential, but we need more than that.

Then I go down the list and I think, 'The Warrego Highway will surely be listed by the Attorney-General in Queensland.' It should be on a nationally significant priority list, given the mining boom adjacent to and along the corridor of the Warrego Highway. But it comes under a second category. I am very happy that it is listed, but it is a new submission and it is 'ready to proceed'. I am certainly going to have my eyes open and I will be looking to see just how ready the ministers and the main roads department are—and they are already getting in Queensland $3 billion in royalties from the mining sector—to see some of that money rolled out into the Warrego Highway. Under the AusLink program, when we were in government, 20 per cent of the money for the national highways would come from state governments. It was not all going to come from the federal government. All I saw in this submission was that the Queensland minister said that the national highways are a federal responsibility and they are asking the Commonwealth to help fund these roads which are clearly a federal responsibility.
understood that it was also a part state responsibility, to the tune of 20 per cent.

I say to the House this evening: we just cannot trust this government with money. They now want to tax the resource sector, which is responsible for delivering enormous growth in my electorate, which is creating many more jobs. We want to be alert to the fact that this money can shift overnight to projects offshore where governments do not impose such punitive taxes on their profits and their development. That is a real concern to us and that is why we will be opposing this tax and this legislation.

**Mrs PRENTICE** (Ryan) (19:39): The coalition opposes the Minerals Resource Rent Tax Bill 2011. This is a flawed tax derived from a flawed process and it will have a detrimental impact on our economy through its multiplier effects and unintended consequences. It is being imposed on one of the most important sectors of the Australian economy—one that until now was succeeding, despite the federal government's poor and reckless management of the Australian economy. This tax is a result of an extremely flawed process. The resources super profits tax, the predecessors of what we are debating today, was announced with no consultation with industry and no consultation with stakeholders. There was no consultation with the state governments and no consultation with territory governments, despite the tax having significant impacts on their own revenue—the revenue which funds our schools, hospitals and local roads.

There is no doubt that this tax has an impact on the states' revenue, as the Henry tax review recommended that this tax replace state and territory royalties and, as such, the Commonwealth government should negotiate the financial implications of this tax with the states. However, the Gillard government did not put in the hard yards of negotiation that would result in a defined funding arrangement—like the coalition government did with the introduction of the GST.

Instead of genuine reform, we have seen a series of discussions which have led to a complex, complicated and convoluted system that is to be introduced under this scheme. Further, when consultation did take place, it was an extremely closed-door process involving only the Prime Minister, the Treasurer, the Minister for Resources and Energy and the managing directors of the three biggest mining companies: BHP, Rio Tinto and Xstrata. The managing directors of all other mining companies, the competitors of these three big miners, were excluded. The inclusion of only three companies, any three companies, in the development of such fundamental change for the whole of an industry is treacherous. Understandably, any economically rational managing director would be looking out for their own interest. This has become apparent through the inclusion of the market valuation system used to calculate applicable deductions, as this design gives the three big companies a significant tax shield that is not available to small and mid-tier companies.

The government's proposal also means that smaller miners will either pay the minerals resource rent tax sooner or they will continue to pay royalties on production, while also being subject to increased compliance burdens. This burden on the smaller miners is in direct contradiction to the Henry tax review, which recommended a lower tax burden for smaller mining ventures to help start-up ventures grow and prosper. The closed process in which the government chose to engage is questionable and leads me to view the development of this tax scheme as a very flawed process.
And still there has been no consultation with state and territory governments. Australia has a federal structure—yes, we have a central Commonwealth government—but you cannot have a federal structure unless the regional governments, our state and territory governments in Australia, have powers that the central government cannot render inoperative and unless the regional governments have the ability to provide themselves with the necessary finances to enable their powers to be exercised.

Any funding that affects the revenues of the states and territories should be discussed with those governments. That is their right. To not discuss this tax proposal which will have significant implications for GST sharing arrangements around the country, and will have significant impacts on state royalties, is really quite an outrageous and arrogant move by this government. Resources royalties make up six per cent of the New South Wales government's revenue, nine per cent of the revenue of the state government of my home state of Queensland and 20 per cent—one-fifth—of the Western Australian state government's revenue. Changes that affect such large amounts of funding really must be discussed with states and territories. However, this government has failed to undertake that consultation.

Real reform of resource taxation cannot take place without consultation with the states and territories. We have seen the results of this lack of consultation already. The Western Australian, New South Wales, South Australian, and Tasmanian governments have already increased royalties on iron ore and coal in light of the uncertainty now surrounding resources, and this is translated into a $3 billion hit to the Commonwealth government budget so far. The Queensland government has reserved its right to raise royalties in the future.

The MRRT affects state budgets, and state decisions regarding resources affect federal budgets. It seems clear that discussions should take place between the two parties, but the federal government simply did not include the states and territories as part of their plan.

It also seems that the government is keen to stifle debate, with the legislation moving to the second reading just 24 hours after it was introduced and just weeks before the House Standing Committee on Economics is due to report on its findings into the tax. The full explanatory material was only fully uploaded onto the parliamentary website on the morning that the second reading began.

There are also serious questions which should be raised about the constitutional validity of this mining tax. Dr Ken Henry himself has confirmed that the Commonwealth government did not seek advice with regard to the Constitution. Resources are the jurisdiction of the states, and the mining resource rent tax imposes a tax on a resource at the point of extraction.Whilst the Constitution disallows interstate custom charges—Queensland cannot impose a tariff on goods entering or exiting their ports—it is currently unclear whether the MRRT is in fact imposing a tax on state property, which is prohibited by the Constitution. By not seeking advice on the constitutional validity of the MRRT, the government has already caused a situation where a number of mining ventures and the Western Australian state government have announced High Court action if the MRRT legislation should be passed by parliament.

The MRRT is already proving to be divisive. The actions the government has taken have seen the industry split between the big three companies, which were included in the policy development, and the rest, particularly the small and mid-tier firms
which are aspiring to be as successful as
these three big companies and provide the
jobs and wealth to Australia that would come
out of such success.

It is also dividing the states. Since
Federation we have seen contention over
state funding arrangements; however, under
the MRRT scheme 65 per cent of the
revenue would come from Western Australia
alone. This was confirmed by Dr Henry in
evidence to the Senate mining tax inquiry. It
is astonishing that one new national tax
would raise 65 per cent of revenue from one
state alone—an estimated $25 billion of
$38.5 billion of total revenue over the next
decade.

I have spoken about the flaws of the
process of developing the MRRT. Equally as
worrying, however, is the effect it will have
on the budget. The MRRT will significantly
worsen the structural deficit of the budget
over time. The government seems to think of
it as their own magic pudding—a never-
ending source of revenue. Much of their
expenditure on new programs is dependent
on this legislation being passed. However,
while Australia is experiencing a mining
boom—and we are fortunate to be a
resource-rich nation—at the end of the day
our resources are finite and the decision to
link a volatile revenue source to programs
with ever-increasing costs puts fiscal policy
in a very tenuous position.

A prime example of this was found during
the Senate inquiry into the mining tax. The
proposed increase in compulsory
superannuation alone, once fully
implemented, will every year cost more than
the MRRT will raise, according to Treasury
estimates. Overall, conservative estimates
show that approximately $57.6 billion in
government spending has been linked to the
revenue of the MRRT. However, Treasury
estimates that $38.5 billion will be raised by
the MRRT. This points to a $19 billion
shortfall before any of these programs are
introduced or a $21 billion shortfall once the
reduction from the Western Australian
royalties decision is taken into account. This
is simply irresponsible. It is yet another
example of this government's poor and
reckless financial management.

Mining counts for two-thirds of the value
of Australian exported goods. Mining
employs 224,000 people and many tens of
thousands more in industries supporting and
supplying the mining sector. In 2010-11,
mining accounted for 40 per cent of business
investment, and on forward estimates will
account for half of investment in 2011-12—a
huge contributor to economic growth in
Australia. However, the MRRT changes this.
Mining is an industry with long-term leases.
It takes many years to achieve a fully
operational mine. This government's actions
have created a cloud of uncertainty not only
about the effects of the MRRT but about
how the government may decide to change
the rules halfway through a project's life.
Mining companies that established
themselves 10 years ago would not have
included the MRRT into their forecasts, so
why should they now believe that their
industry will not change again and again?

It is naive to think that, by introducing a
tax which will impose great costs on this
industry, we will not see projects, jobs and
investments go offshore. Australia may be
resource rich, but we do not hold all the
mineral resources in the world. Nations such
as Canada, Brazil, Chile and the continents
of Africa and Asia are all currently
developing their resource sectors and would
be happy to take the extra investment that
will be driven out of Australia. Capital can
move, and a company which sees that a
country has high sovereign risk will choose
another option for their new projects. The
MRRT risks that situation.
As I have just said, the actions of this government have already caused uncertainty, and companies will take the impact of government decisions and imposts on their projects into account when deciding whether or not to pursue a project in Australia. The constant changes and confusion surrounding the development of the MRRT has already affected investment decisions and will continue to do so. This, of course, negatively affects Australia’s economy at a time when we are one of only a few countries actually keeping our heads above water.

And it is not only the mining industry that will hurt under the MRRT. Four hundred thousand Australian small businesses will be affected by changes to the entrepreneurs tax offset that are part of the package the government intends to impose. The stripping away of this tax incentive will take $150 million from small business; and, as a former small business owner myself, I know just how hard this loss will be for Australians trying to support themselves and their families. When the bills come in, it is the small business owner who gets paid last. If the weekly earnings do not stretch to cover those small business owners, they simply do not get paid. We are not talking about big multinational companies; we are talking about restaurants, service providers and corner shops. The Treasurer said just today that small business is the driving room of Australia. How does he then justify the effects of abolishing the ETO?

The minerals resource rent tax is flawed—flawed in its development and flawed in its outcomes. It is an impost with far-reaching effects, and the revenue it is expected to raise has already been flagged for projects that have an expected shortfall even before they have started. The minerals resource rent tax will have a detrimental effect on this key industry. It will have a detrimental effect on investment. And it will have a detrimental effect on jobs. And it will have a detrimental effect on the economy. The coalition cannot and does not support this flawed legislation.

Mrs Andrews (McPherson) (19:52): Today I rise to speak on the bills that comprise the minerals resource rent tax or MRRT, including the expanded petroleum resource rent tax, or PRRT. Like the carbon tax, this is a bad tax that will reduce investment and jeopardise jobs. The bills before the House are extremely technical and complex, and I note that there are in fact 11 bills, totalling 525 pages. It is disappointing that this government wishes to push through this new tax before the parliament finishes, denying the opposition and the mining and resources industry the opportunity to adequately scrutinise these bills before moving to debate. Nevertheless, I, along with my coalition colleagues, will continue to raise concerns with regard to the MRRT.

As I speak about the mining tax and these bills today I will be focusing on what this tax will actually do and how unnecessarily complex it is; how it is unfair to small and mid-tier mining companies; how it will reduce Australia’s international competitiveness in attracting further investment; and the potential for this tax to detrimentally impact the future progress and prosperity of the Gold Coast as we seek to take advantage of the nation’s mining boom.

In relation to the legislation before the House, there are 11 bills that essentially fall into three subsets. The first two bills seek to create a new tax, the MRRT, and extend the current PRRT to cover onshore and offshore Australian oil and gas projects. I will discuss these in further detail shortly. Secondly, the Tax Laws Amendment (Stronger, Fairer, Simpler and other Measures) and Superannuation Guarantee (Administration) Amendment bills seek to change personal income tax provisions and superannuation.
Thirdly, the remaining bills deal with administrative and technical issues.

The MRRT is a project based tax on economic rents that miners make from taxable resources. The proposed tax is imposed on a miner's mining profit, minus its MRRT allowances, at a rate of 22.5 per cent. If this legislation is passed, the new tax arrangements will apply from 1 July 2012. The MRRT will apply to the mining of coal and iron ore and the PRRT will apply to various emerging projects.

The original proposal for a mining tax came from the Henry tax review, which recommended a resources rent tax on non-renewable resources that was intended to replace existing state government royalties. An initial resources super profit tax was announced by the former Prime Minister, without any consultation with industry or the state and territory governments, and was estimated to raise $12 billion over the forward estimates. This was such an unpopular move that it became one of the principal reasons that the former Prime Minister lost his job—summarily dismissed, it would appear.

Despite the history of opposition to this mining tax, the current Labor government still wishes to go ahead. In fact, to get to this latest incarnation of the mining tax and expanded PRRT, the negotiations were conducted in secret between the Prime Minister, the Treasurer and the Minister for Resources and Energy and the managing directors of the three biggest mining companies. Why did the government exclude the smaller mining companies from the negotiating process—and the state and territory governments for that matter? It was hardly an inclusive process that the Prime Minister embarked upon.

Resource royalties represent 20 per cent of the Western Australian government's revenue, nine per cent of the Queensland government's revenue and six per cent of the New South Wales government's revenue. There are therefore huge implications for these states and, as the Henry tax review recommended, the Australian government should negotiate the federal-state financial implications of such a move. However, the Gillard government has chosen not to expand the consultation process.

I spoke briefly earlier about how complex this legislation is, and I note that the Henry tax review referred to the need for the regime to be about root and branch reform so as to deliver a simpler and fairer tax system. However, the Gillard mining tax has managed to be much more complex and is less fair, particularly to the smaller mining companies. Under the Gillard mining tax these smaller mining ventures will pay a higher effective tax rate, even though the Henry tax review recommended a lower tax burden which would be aimed at assisting in start-ups so that these ventures could grow and prosper.

The University of Western Australia showed in its modelling that there would be a four per cent discrepancy in the level of effective total taxation between projects that existed prior to 2 May 2010 and those developments taking place after 1 July 2012. The ultimate reality is that new smaller miners will be paying six per cent extra tax and that larger mature miners will pay only an extra two per cent, thus contributing to an anticompetitive regime. This tax is not fair and simple as is claimed; rather, it is unfair and unnecessarily complex.

The coalition shares the concerns of industry that the implementation of this mining tax will impact Australia's international competitiveness as a destination for resources investment. Growing the size of the industry should be the main focus, not
cutting the industry into smaller and smaller pieces. Australia is part of a global economy and there are many competing nations vying for investment in the mining and resources industry. Therefore, we should be implementing tax policies that provide incentives for investment, rather than introducing a tax regime like the Gillard mining tax which hinders this economic prosperity.

I note the salient points made in a submission by the Chamber of Minerals and Energy of Western Australia to the House of Representatives Standing Committee on Economics on the minerals resource rent tax legislation, and I quote:

Ultimately, the additional impost of the MRRT will mean less revenue will be available to fund projects, repay debt and provide a return and refund to investors and this may be a real point of difference between funding a project in Australia versus one outside Australia that is not subject to an MRRT equivalent.

The mining and resources sector is a crucial part of Australia's economy and, consequently, integral to our nation's future growth in almost all other industries and infrastructure plans.

While Australia's economy used to ride on the sheep's back, we now find ourselves riding in the back of a miner's truck but with a competitive advantage in the international market place. Almost 40 per cent of all business investment in Australia in 2010-11 came from mining, with forward estimates predicting this to grow to over 50 per cent in 2011-12. Mining consists of about half of our total exports of goods and services, whilst accounting for approximately two-thirds of the total value of exports of goods. It is an industry that directly employs 224,000 Australians, with thousands and thousands more working in industries that help support the mining sector, such as manufacturing and construction.

These figures show just how important the mining and resources sector is to Australia, and I would now like to put on the record the flow-on effects this mining tax will have on the prosperity of the Gold Coast. The Gold Coast is well positioned to benefit from the nation's mining boom and develop a fly-in, fly-out, or FIFO, terminal for the region. We are also well positioned to become an education centre of excellence, with trades and tertiary courses and qualifications that are developed and targeted to provide support to the mining and resources sector.

I have spoken in this place before about the economic challenges facing the Gold Coast and the positive effect that a FIFO workforce can have with regard to employment prospects for local residents as well as the wider economic benefits it will have for businesses and the city at large. Of course, a future FIFO terminal on the Gold Coast and its success is dependent on the prosperity of a strong mining and resources sector. The Gold Coast is well suited to become a national FIFO hub. We have excellent education facilities, with four universities, a variety of public and private schools and over 160 registered training organisations. Closer to the Gold Coast Airport itself, there are private and public hospitals as well as a variety of medical practitioners and allied health services.

As well as basic infrastructure essentials, the Gold Coast also boasts a rich variety of community groups and sporting organisations, each playing an important part in the local community. There are also many locations for workers and their families to enjoy some downtime, with beaches, national parks, theme parks and other attractions situated all over the Gold Coast.

The direct employment opportunities resulting from the Queensland mining and resources industry are set to grow from
44,944 full-time equivalents in 2010 to 121,685 in 2030. This is almost triple the full-time equivalent number for 2010. It has been predicted that there will be a 4.9 per cent per annum increase in employment growth in mining operations over the next five years.

I have recently spoken in this place about a mining expo held on the Gold Coast that I attended. It attracted about 10,000 people—almost double what was expected—with the vast majority of attendees looking for employment. The Gold Coast community in general sees the mining and resources sector as a potential employer that will help provide opportunities for them and their families and keep our local economy strong.

Further, the educational facilities already present on the Gold Coast can be used to complement the educational requirements of a FIFO workforce. This could boost the tertiary take-up rate on the Gold Coast, which is well below the national average. The establishment of an educational hub for the mining and resources sector would also further boost the local economy through the expansion of tertiary institutions and, consequently, the services that they require.

This MRRT is placing all this at risk. A Gold Coast based FIFO workforce could potentially be a highly viable solution to help solve a six per cent unemployment problem. Coupled with the government's carbon tax, the increasing cost of travel will be a further dampener on the prospect of establishing a FIFO terminal where it is desperately needed, on the Gold Coast. By placing a greater burden on the mining operators that are currently willing to hire FIFO workers, the possibility of this opportunity to increase employment participation and economic prosperity may slowly slip away. This government is in effect legislating for unemployment and economic uncertainty. It has managed, in the short space of time it has been in office, to acquire a rightfully earned reputation for indecisiveness and distrust and an insatiable need to tax.

In conclusion, I would like to reiterate the my position and that of the coalition on this issue: we oppose the Gillard government's plans to introduce this minerals resource rent tax. As I have mentioned already, the government should be seeking genuine, fairer and simpler tax reform, achievable only through an inclusive and open process, not just with a select few stakeholders to the exclusion of all others. These reforms must also maintain the integrity of our international competitiveness. They must not hinder it. Furthermore, if this tax is passed, the ability for the Gold Coast to develop a workforce to assist the mining and resources industry will be at risk, as will as our ability to develop as an education centre of excellence, with trades and tertiary education focused on this important sector.

I therefore conclude by encouraging the parliament to stop the minerals resource rent tax from going ahead and suggest that the government go back and re-evaluate what the 'national interest' truly means—because the coalition will oppose Labor's great big new mining tax to protect our national economy.

Mr CHRISTENSEN (Dawson) (20:07): Through the actions of this government, we have witnessed the trashing of democracy in Australia. In promising not to have a carbon tax and then doing the exact opposite—when it could cobble together a half-baked government—the Labor Party rendered democracy pretty much useless. The voice of the people was silenced and we witnessed the trashing of democracy.

But democracy will be restored at the next election, and introducing this new mining tax will ensure that the restoration will be just as
painful for Labor as the four years Australia has had to endure this government. The last time a government sought to impose extraordinarily unfair taxes on miners, it gave rise to a movement known as the Eureka Stockade, which is credited as the birth of democracy in Australia. So history repeats. In the lead up to the Eureka Stockade, the government imposed heavy taxes on the entrepreneurs, the miners who were spilling their blood, sweat and tears on the goldfields in Victoria at Ballarat. In return for the heavy taxes they received—wait for it—nothing. The government saw an opportunity for a quick money grab, took it and gave back nothing in return. It was no wonder then that those brave miners took up arms against the government. At that time, they had little choice. The Eureka Stockade, where miners drew a line in the sand and said, 'Enough enough is enough,' was such a defining moment in Australian history and laid such an enduring foundation for our culture—including the concept of a fair go—that Australians are still rallying behind that notion of rebellion. But here we are 157 years later, and what has this government learned? Nothing.

Eureka parallels a similar story in the United States of America where the famous Tea Party patriots demanded 'no taxation without representation'. We may well be demanding something similar here, because history is repeating itself. This government just simply cannot help itself. Someone is making money, the Labor Party thinks. 'We cannot have people earning a living digging stuff,' say the Greens. 'We will tax it,' is their first and only answer. This is an ill-conceived tax from an illegitimate government; make no mistake. Even the previous Labor government, the one that had some legitimacy, started this rot. The funny thing is that that government was knifed, and that Prime Minister was knifed—

Mr McCormack: In the back!

Mr CHRISTENSEN: because of the carbon tax and the mining tax—and, as the member for Riverina says, 'in the back'. Here we are with the two-faced Labor-Greens taxaholics imposing exactly that: a carbon tax and a mining tax on the Australian people, who are not so dumb that they cannot see the self-defeating nature of these two taxes. The general public has enough nous to know that this mining tax—a deal done with the three biggest miners in this country—is unfair and discriminatory.

Even today they are still chopping and changing what the tax is and how it works. In the Australian today we find out that an attempt to raise the threshold to $75 million was another failed attempt to cover up a botched plan. It is a dog of a tax, and putting a different collar on it will not stop it from being a dog of a tax. The small mining companies, the ones not allowed to have any input, do not care what colour the collar is, because they know that they will be getting it in the neck.

We can be sure that the big three miners will be gaining a competitive advantage out of this deal. They will have made sure that their hide is looked after. The combination of the mining tax and the carbon tax will make Australia the highest taxed mining industry in the world. That will make Australia about as attractive to mining companies as broccoli to five-year-olds.

Mining companies are global concerns, and there are plenty of countries in the world where they will not be taxed to death. An interesting report came out in September from Deloitte Access Economics, suggesting that a more 'creative' method of calculating tax was used by Treasury to back their claim that the mining industry paid just 27 per cent tax. That was the claim Treasury made during the debate over the failed superprofits
tax. The Deloitte report found that the minerals industry paid an average tax rate of 41.5 per cent between 2007–09 and 2009–10, and that should scare off most of the potential investors.

Even China is scared. Chinese diplomat Ouyang Cheng warned, in the Age on July 7 about the difficulties this mining tax would impose on Australian-Chinese economic cooperation:

"There are some worries from the Chinese mining enterprises regarding newly released MRRT [minerals resource rent tax] bill," he said.

This government has been warned, and the warnings are coming from people who know far more about mining and far more about economics than anyone in the Labor Party or the Greens will ever know. They have been warned.

But this muppet government presses on. This furry Labor glove with a green hand inside and a couple of limp independent strings attached is trying to tell us that this tax is about fairness and equity. They would have us believe it is about 'spreading the wealth'. They froth and bubble about our 'patchwork' economy. They had to stop talking about a 'two-speed' economy because it did not fit the story they wanted to tell. So now it is about a patchwork economy because—surprise, surprise—different industries are in different cycles. I have got news for this government. There has always been a 'patchwork' economy in this country. We have just never had a government so addicted to tax that it sought out any industry rising to the top of its cycle so they could tax it into the ground.

Here is a question: what happens when the cycle turns, as it inevitably will? How will this government fund the milk and honey they are promising when the well runs dry? Which industry is going to be next? The Leader of the Nationals was in this place earlier, posing the same question. If agriculture—an industry that has been flogged around the bottom of a cycle—were to come good and somehow start to make good profits, would this government introduce a great big farming agriculture tax? Absolutely, because there is no tax that the Labor Party does not like.

But while the small miners and the Chinese investors are worried, perhaps the Treasurer and, for that matter, every taxpayer should be worried as well. This mining tax is supposed to raise $11.1 billion over three years, and of that this government is going to spend every penny and a few billion more.

Only the Labor Party could introduce a whopping great tax that actually costs more money than it is going to make. They did it with the carbon tax and now here they are doing it again with the mining tax. But it is going to get worse because the mining companies are saying that they are not going to pay the tax if they can help it. So the $11.1 billion is at the mercy of the accounting policies of the very large mining companies, who have a duty to their shareholders to deliver as much post-tax profit as they can get. Certainly, we know that the big three are not going to pay any tax at all, and the government has let that happen.

But it will get worse. The state governments are going to raise royalties, and some already have. They have to, because this Labor government flatly refuses to fund vital infrastructure where it is needed. We have seen Western Australia and New South Wales make their moves, and now South Australia is going to follow no doubt. When the big one, Queensland, follows—that will probably happen with a change of government—we will see. But I tell you that the states are moving. They raise just nine per cent of state revenue through royalties in Queensland, compared with WA, which
raises 20 per cent of state revenue through royalties. When a fair dinkum government comes in to clean up the mess in Queensland, there will no doubt be an increase in those royalties. Or, maybe the Bligh Labor government will come to itself and raise the royalty stakes right now, all of which the federal government will have to refund to the mining companies. So the mining tax is suddenly turning into this bigger and bigger loss. The $11.1 billion is suddenly dwindling—going down and down. But it could become a lot worse, because the world is facing a new financial crisis brought on by excessive government debt—something this government should be very acutely aware of.

Another economic global concern will affect demand for resources and therefore profits. Where will the money come from then? Remember that these guys are promising milk and honey will rain down on the land from this mining tax. Superannuation is going to be increased from it, they say. They seriously think that people will suddenly think taxing an industry will make us all the more wealthy because their superannuation contributions will be increased. 'The roads will be paved with gold,' they say. 'We are spreading the wealth,' they gush, 'to businesses not in the booming resource industry.' Let us take a closer look at that plan. It is not the government that is going to be paying increased super. It is businesses that are going to pay increased super. Far from spreading the wealth to businesses outside the resource boom, this government will be, effectively, taxing them. That is right: they will manage to smack down the booming industry, while still managing to smack down other industries and small business as well.

Mr McCormack: And claim the credit!

Mr CHRIStENSEN: That is right—and claim the credit, as the member for Riverina says. They try to fob us off with a line about lowering company rates to offset the increased employment costs brought in by super changes, but who is going to believe that line? I can tell you that we will not fall for that. Thousands of small businesses that are not companies will not believe it for a second—those that are small traders and those that are in partnerships: Bob the plumber, Uncle John and Aunty Betty at the corner store. They are the small business who will pay this super tax directly, because they employ a lot of people across this nation. Or they did until now; because when employment costs go up something has to come down. I can tell you that many of these businesses are already on the edge. They are marginal now and cutting back on personal expenses themselves. They are waiting for an opportunity, though, to grow their business. But if there is another expense they will have to lay off staff or cut costs, or they will just go and shut up shop and look for a job somewhere. And if there are none, they will probably become yet another person on the unemployment line.

What this ridiculous tax and superannuation plan will do is introduce a different patchwork in the economy. What is worse is that this government is trying to claim credit for the superannuation. What really sticks in my craw is this concept that the mining tax is going to deliver for regions. What a joke, and what an absolute rort. We have seen how Labor fails on that scorecard with the Queensland Labor government. Queensland already taxes the mining industry—it is called royalties. All the hard work—the sweat, the toil and the effort—and all the blood and tears in North and Central Queensland contributes to the state economy and to the national economy. All the burden that families bear, all the
wealth-producing effort, delivers more than $2 billion in royalties just through the coal ports of Abbot Point, Hay Point and Dalrymple Bay in North and Central Queensland alone.

And what do we get in return for that? Zero, zilch, nothing. That money is funnelled straight into the south-east corner. We have seen attempts to spread that wealth, but it does not get spread around. It actually just gets funnelled. If this same foolish plan is put into federal Labor hands, we know too well in Central and North Queensland what will happen. It will be used to fill the gaping void that currently prevents Wayne Swan from getting a surplus. It will go down to Sydney or a bit further to Melbourne. None of it will come back to the wealth-producing centres.

How do we know? Let us take a look at the forward estimates. The mining tax raises, as I said, $11.1 billion over the next three years. What comes back to regional Queensland—the big wealth-producing area, apart from WA? The best they can offer is a handful of transport infrastructure projects. There is something good in here: $160 million for a ring road in North Queensland; $120 million for safety upgrades on the Peak Downs Highway, although it will actually cost three times more than that to deliver; $54 million for an intersection in the south-west of the state; $50 million for a port access road in Gladstone; $40 million for an intersection upgrade in Central Queensland; and in my electorate I am stuck with a $10 million study. Great!

But I am being pretty generous here because not all these projects are actually linked to the mining tax. They are regional projects that will be funded over the lifetime of the forward estimates where the MRRT is supposed to collect $11.1 billion. These projects total $434 million out of a tax take of $11.1 billion. That is less than four per cent returned to one of the greatest mineral wealth states in Australia. If that is a fair share, I would hate to be sitting at the dining table when Swanny’s carving up the corned beef. I am a big fella, and I suspect that when the Treasurer thinks that four per cent is a fair share I would be getting this little sliver of silverside and I would probably have to fade away to a shadow!

What a rort—$11.1 billion out, with the large bulk coming from Queensland, and only four per cent back. Ripping $100 out, giving four per cent back and saying that is fair—what a joke! Fairer faces emerge from the underground at Oakey Creek, covered in coal dust from head to toe.

Mr BUCHHOLZ (Wright) (20:22): For a substantial part of our history mining has been a source of national prosperity and therefore of great political significance. The Eureka rebellion in 1854 was a revolt by Victorian miners against excessive taxation and regulation by the government of the day. The symbol of that rebellion, the Eureka flag, has remained a perennial favourite with all sorts of minority interest groups and antiestablishment causes from ultra-right nationalist classes to warring trade unionists and everyone in between. Along the way the true origins of the conflict have all but disappeared, but in the minds of most people it exists as nothing more than a non-specific instance of the true-blue Aussie battler sticking it to the man. The fact is that the Eureka rebellion was a revolt by Victorian miners primarily against what they saw to be excessive taxation and regulation by the government of the day. So from the earliest days of our nation’s history mining has been a hot button issue. It is remarkable how today very little has changed.

After coming to office in 2007 former Prime Minister Kevin Rudd and the
Treasurer commissioned a so-called root and branch inquiry into the nation’s taxation arrangements. One outcome of that review was a recommendation for a resource superprofits tax. Strangely enough, the profits tax proposed by the government did not really look much like the one suggested by the Henry review. Having been taken completely by surprise, the mining industry launched a campaign to have the superprofits tax abolished. I do not imagine in their wildest dreams they would have thought they would have been so successful. Not only did they succeed in having the tax shelved; they also played a huge role in bringing down the Prime Minister of the day.

After Prime Minister Rudd’s removal the new Prime Minister, Julia Gillard, promised she would negotiate with the mining industry over the massive taxes. Instead, she cut a backroom deal with the three big miners—Rio Tinto, BHP and Xstrata—and left the various state governments in the dark and another 320 mining interests out in the cold. The result of that deal is the legislation we have before us today, the Minerals Resource Rent Tax Bill 2011.

The amount of money that the country will supposedly make from the tax appears to be a little uncertain at the moment. Over the first year since the mining tax was first announced revenue estimates jumped from $12 billion under the original RSPT, to $24 billion under the RSPT with revised commodity price assumptions, to $10.5 billion after the Gillard mining tax deal and more recently to $7.4 billion thanks to changes in the exchange rate. So we have a bouncing ball from $12 billion to $24 billion to $10.5 billion and $7 billion. The most recent figure is $11 billion, minus the $3 billion that the federal government will have to reimburse the states, leaving around $9 billion of revenue. Nevertheless, revenue from the proposed tax has been included in the Commonwealth budget since 2010-11 despite the tax not coming online until 1 July 2012.

Here is where things get rather more interesting. According to Treasury, the revenue derived from the MRRT and the expanded the PRRT will decline over time; however, the cost of the budget measures the MRRT is supposedly paying for will increase over time. Have you got that? The costs are going to go up in the future as the revenue stream dwindles.

Furthermore, the key assumptions underpinning these taxes remain a secret. What is the government up to in not releasing the data? I can forgive people in Australia who think that the concept of this tax is sound and good value because we are taking money from the mining companies and giving it to the poor—it is a Robin Hood type of tax—but let us look at what we are being sold here. Exploration in our resource sector is at 140-year peak. This government would have you think that its tax has actually stimulated the resources sector.

It is not often that you will hear me say complimentary things about the government in my home state of Queensland, but at least they provide details of the assumptions underpinning their mining royalties and allow proper scrutiny of their revenue estimates. Instead, the Gillard government remain intent on keeping the figures under wraps. Why? What are they hiding this time? They had to be dragged kicking and screaming to release the modelling behind the carbon tax. They had to be shamed into releasing the updated figures. That is because the only figures the government care about are the polling figures, and at the moment they are not that flash.

The rest of it is just grist to the mill, just interchangeable sets of numbers to be twisted and manipulated according to the
political imperatives of the day. All of this necessitates the employment of legions of spin doctors who are all tasked with manipulating the shoddy truth into something resembling a good-news story. How far down this path do you really want to go? It is government of the spin doctors by the spin doctors. For goodness sake, it certainly is not for the good of the nation.

You blokes should listen to your former leader Mark Latham. Last week he gave half of your frontbench a spray. Quietly in the corridors some of your parliamentary colleagues agreed with Mark and said he speaks the truth. But the government, try as they might, still have not been able to move on from the glory days of 2007 and the old 2020 talkfest. They like to talk about reform, but all they ever do is announce more inquiries, more reviews and more reports. They commission a review and then ignore the recommendations. That seems to be the modus operandi of the Labor government. This very day in the parliament we saw yet another committee being formed.

This government likes to talk a lot about reform, particularly tax reform, but as ever the reality does not match the rhetoric. As I have said in the past, Labor's idea of tax reform is to introduce new taxes. I have lost count of how many we are up to now, but I believe there have been around 19 or 20 new taxes or increases in tariffs.

Much like the others, the MRRT has so many shortcomings it is hard to know where to start, but I will give it a shot. For starters it introduces another new tax on an important industry on top of the existing royalty and income tax arrangements, making our tax system more complex and less fair. It also reduces our international competitiveness as an attractive investment destination. We are already seeing junior and mid-cap miners moving future investments offshore. As the lead time for mines can sometimes be up to five or 10 years, it is the future resources sector that will suffer particularly as China's growth comes off and demand softens. It also gives an unfair competitive advantage to the big three multinational, multicommodity and multiproject companies who were given the exclusive opportunity by the government to negotiate the design of its new tax with all their competitors and stakeholders locked out of the process.

This tax makes the federal budget become a hostage to decisions made by state and territory governments about their royalty arrangements. Predominantly that means, whatever the government puts in the Mid-Year Economic and Fiscal Outlook document, it will be held hostage to whatever state government royalty amendments are made and the federal government will be left hanging onto the bag. It raises serious and unresolved constitutional issues and links a highly volatile and downward-trending revenue stream to a suite of budget measures, the costs of which are projected to increase, thereby worsening the Commonwealth budget strategy and structural deficit over time.

At the last count I think our revenue streams were to be $11 billion. The $3 billion that the government will have to credit will leave around $9 billion revenue. The forecast expenditure for savings from the MRRT will be around $14 billion. As that revenue comes off, the government is going to be caught, and I would not mind betting London to a brick that when the MYEFO document comes out the figures will be changed again. It is going to be up to the coalition, when we get to government, to clean up the mess.

It is the last point which gives me the greatest cause for concern. The government
have proposed various associated measures which will become increasingly costly over time to fund by a tax which could be dramatically impacted at any time by increased state government royalties. These deficiencies completely refute the government's argument that their proposed changes create a more efficient tax system. The original concept of a resources rent tax was investigated by Ken Henry and recommended negotiations with the states and territories. This government went ahead and conducted their negotiations with the big three without them. So much for the rhetoric of expert advice that the government cling to! To this day there has been no consultation with the state and territory governments about the implications of a mining tax for them, despite the fact that the resources royalties represent 20 per cent of the Western Australian government's revenue, nine per cent of the Queensland state government's revenue and six per cent of the New South Wales government's revenue.

Under our constitutional arrangements royalties are the responsibility of the states and territories. That did not stop the government making a deal with the big three companies to credit all state and territory royalties when calculating their exposure to the MRRT, apparently completely oblivious to the flow-on consequences of that decision to the federal budget. In the absence of a negotiated agreement with the states, any time the states decide to raise their royalties, as Western Australia did and as Queensland and New South Wales reserve the right to do, the Commonwealth will be forced to cover the shortfall.

At the time the government signed the deal with the big three, Treasury assessed that the MRRT would raise around $38.5 billion. That figure will be raised almost entirely from projects in my home state of Queensland, Western Australia and New South Wales. I know my colleagues from Western Australia will have more to say on this. If we are being honest, Western Australia is the one that is going to be left carrying the can. Something like 65 per cent of revenue from the tax will come from one state. That is an extraordinary figure. Since when has a supposedly national tax ever raised 65 per cent of its revenue out of one single economy? It seems fair to say that the mining tax as proposed by the government is more complicated, less efficient and less fair than the arrangements currently in place.

It is the view of the coalition that the MRRT and the expanded PRRT are broken beyond repair. Any attempt to fix the defects in these taxes would likely result in a series of compromising concessions to the affected companies. That is no way to implement tax reform. Reform is always an ongoing process, but it should be delivered through an open, transparent and inclusive process, not through backroom deals with a few privileged companies who were given the opportunity of hammering out the deal to their own advantage. Indeed, any so-called reform borne out of such a process would lack the legitimacy required to make it worthy of the name.

We know now that the mining tax is unfair and inefficient but—guess what?—it might even be unconstitutional as well. There are a series of questions that cannot be answered as to whether the MRRT, which is a tax on resources at the point of extraction, is in fact a tax on state property and therefore prohibited by the Constitution. A number of mining companies and even the state government of Western Australia have flagged possible legal action if this legislation gets through the parliament. I would like to think the government had done their research and made sure that they were on solid legal footing before introducing
these bills, but it seems that it was just too much to expect. We only need to look at the debacle of the PRRT and the ruling of one tax, one customer. Exxon Mobil has 50 per cent shares with BHP and that one ruling has been in dispute in the courts since 1990.

You might have thought that the government had learned their lesson after the debacle surrounding the Malaysian solution, but it seems not. In fact, thanks to Ken Henry, we now know that they did not seek any legal advice on the constitutional validity of this tax. Could things be more absurd? Here we are debating a bill which stands a half-decent chance of being the second highest profile government policy to be declared unconstitutional in the High Court. What an embarrassment!

Ms O'DWYER (Higgins) (20:35): Tonight I rise to speak on the Minerals Resource Rent Tax Bill 2011 and related bills and I do so to talk about three particular issues. The first point is that this tax, as designed by the government, has been flawed from the very beginning. The second point relates to the impact that this tax will have on Australia's international competitiveness and potential investment. The third point is the impact of this tax on the budget position.

First and foremost, this is incredibly complex tax legislation. The 11 bills before us consist of around 525 pages of some of the most complex tax changes that have ever been introduced into this parliament. It is particularly interesting that the government was not all that keen for too much scrutiny of these bills. The reference provided by the Treasurer to the House Standing Committee on Economics to review these pieces of legislation was given to the committee on Wednesday, 2 November for a report on Monday, 21 November.

This is clearly not a substantial amount of time for a proper inquiry to be conducted and analysis to be made. It did restrict the witnesses that could be heard by the committee, which was, I suggest to the House, one of the intentions behind such a short reporting period. The consultation process on these taxes and the implementation and design has been flawed from the very beginning. It was flawed not only after the Henry tax review, where the government made its very first announcement on a mining tax with the RSPT, but also on the MRRT, which is the subject of these bills this evening.

The MRRT was designed by the government and the three big miners in secret. A deal was done between the government and these three big miners—BHP, Rio Tinto and Xstrata—and, very interestingly, no consultation occurred with any of the 350 other miners who would be affected by the new tax. This leads to some key questions about whether certain advantages have been provided to those negotiating the tax in the first instance to the detriment of those smaller miners who were left out of that consultation process. It is also significant that when this tax was designed the consultation did not involve state governments, whose royalties were central to the concerns raised in the Henry review—that state royalties were leading to distortions in investment and production decisions. No consultation occurred at the state level. We hear the tax was designed by the government in secret with the three big miners without consultation with key stakeholders and, we learned, without any officials present. I think that the view on just how flawed this way of designing a tax is is best summed up by Mr Yasser El-Ansary of the Institute of Chartered Accountants in Australia, who gave evidence to the House Standing Committee on Economics. He stated:
The government's approach to consultation and policy design in respect of the new resource tax arrangements during the course of 2010 can only be described as abysmal ... If there was an international prize for the best worst policy consultation process in a sophisticated open market economy, Australia's efforts during the course of 2010 would win hands down.

While the consultation process around the original resource superprofits tax announced in early May 2010 was bad, the subsequent consultation process that involved striking a deal behind closed doors with three key mining groups in July 2010 was even worse. It would not be unreasonable to say that that represented a low point in Australia's economic and political history. It is a low-water mark which most Australians would prefer not to see repeated in our lifetime. I think you would be hard pressed to find anyone to support the view that this is a good way to make public policy decisions. We certainly agree with that on this side of the chamber. It is a very poor way to make public policy decisions. In fact when you look back to the past where complex tax changes have been made and you look at the consultation process involved in those changes, you see a very different process. The GST springs to mind. The implementation of the GST in the late 1990s and the early 2000s was a much more comprehensive package that was presented, tested and modelled. People were given an opportunity to look at the impact that the new tax would have on them and the subsequent benefits that would flow from that tax. It was properly modelled and that model was transparent. It was clear that the impact on the economy and the prices in the economy were things people could see upfront. Because of that, it stands in complete contrast to the conduct of the process with the MRRT.

A secret deal has been done in secret with modelling that has not been properly released. The government has said on a number of occasions that under FOI it has released its model for the MRRT. Yet when questioned by the House Standing Committee on Economics on whether all the information had been released, if the assumptions on which that model was predicated had been released, Treasury officials were forced to concede that in fact those assumptions had not been released. This stands in very significant contrast to the way that models are put together by the WA Treasury and the Queensland Treasury: their assumptions are made public so that they are in full public view for proper and critical analysis. The government should release the assumptions behind their model and they should do that forthwith.

The second point I make tonight relates to the potential impact on mining investment and the impact on Australia's international competitiveness. One of the issues that came up time and time again when this matter was being discussed before the economics committee was that of sovereign risk. Sovereign risk is not a phrase that is traditionally associated with Australia, yet it is one that is very much associated with this tax. Who can forget the front pages of the New York Times and the Wall Street Journal that link Australia and sovereign risk together as a result of the tax that the government wants to bring forward?

Mr Hooke of the Minerals Council of Australia made a statement that the MRRT has had a very significant impact on Australia's position from being previously one of the safest places to invest. He quoted a study by the Fraser Institute of Canada, which is independent and surveyed some 400-plus CEOs around the world. It looked at 51 jurisdictions of resource-rich nations and broke them down into provinces.
Through that debate, Australia dropped from being 18 out of 51 to being 31 out of 51 in what the institute calls the policy potential index. It is of concern that potential investors in Australia would see Australia as a risky proposition. Concerns have also been raised that a number of decisions have been made not to invest in Australia as a result of the announced tax, and evidence was presented in relation to that.

It is useful to look at what other people are saying about Australia and sovereign risk. At the October Commonwealth Business Forum in Perth, the Chief Executive of the South African gold miner AngloGold Ashanti, Mr Mark Cutifani, stated that Australia is 'one of the top sovereign-risk countries in the world on the basis of government policy and its demonstrated behaviour in terms of taxation policy and its inconsistency in policy'. We on this side of the chamber note that the perception that Australia is subject to sovereign risk will damage its ability to attract capital investment and thus damage the economy—and that is of concern.

My third point relates to the revenue and fiscal position of the government and the fact that the MRRT will have a very significant impact on the fiscal position of the government. As everyone in this chamber is aware, this government inherited a very strong fiscal position from the previous, coalition government. Unfortunately, though, this great economic legacy has been squandered by Treasurer Wayne Swan in just four short years. We are now looking at a position where our gross debt ceiling has been raised to $250 billion and we now have a net debt of $107 billion and a deficit of around $49 billion. Clearly one of the intentions behind the government's MRRT is to try and raise revenue. The reason the government need to do that is they are reckless spenders.

This government has had a very consistent reputation over the past four years for raising and introducing new taxes. This is the 19th of those raised or increased taxes and it is most definitely a big one. Despite the fact that the goal behind the MRRT is to raise revenue, it should be noted that it is incredibly volatile to changes in such things as the historic high commodity prices and production volumes. The MRRT package of bills before us includes both revenue and expenditure measures. The way that the government has constructed these bills is that the spending will continue to grow as a permanent feature of the architecture of these bills, yet there is no guarantee that the revenue will also continue to increase.

The modelling that was released shows that this tax is expected to raise $11.1 billion over the last three years of the forward estimates, but since the government released that model the New South Wales and Western Australian treasuries announced increased royalties over that period of $1 billion and $2 billion respectively. These royalties will be credited against the revenue of the mining tax, which means the net revenue to the federal government will be reduced to around $8.1 billion. According to the government's numbers, there is a shortfall in revenue relative to spending of around $2.8 billion over the forward estimates, but this blows out to $5.7 billion when crediting the New South Wales and WA royalties. We can probably foresee a situation where royalties will increase in the future.

It is clear that the spending side of the bills package is locked in, but the revenue is subject to the vagaries of the international market and state royalty changes. Both the Reserve Bank of Australia and Access Economics have suggested commodity prices in terms of trade have peaked and are declining a little more rapidly than expected, creating downside risks for the mining tax
Revenue. In effect, this package will significantly worsen Australia's structural budget deficit over time with the government's proposal being underfunded beyond the forward estimates period.

These are just three of the concerns that the coalition has with the MRRT package of bills brought before this House. We call on the government to take heed of them. (Time expired)

**Wyatt Roy** (Longman) (20:51): I rise to speak to the minerals resource rent tax package of bills. This package of 11 bills totalling 525 pages is of serious concern for both Australia's current economy and its future prosperity. As I have said in this place before, the Australian people deserve to have a say on the future prosperity of this great nation. They deserve to have a say on this tax package, which has serious implications for the Australian economy broadly and for the mining industry specifically.

As the federal member for Longman, I would be remiss if I failed to articulate my serious concerns about the implications of these bills for my electorate. My electorate's local economy is based on tourism, light industry and manufacturing, which will all certainly feel the impact of this tax package.

Businesses in my electorate rely on confidence in the market and the strength of our country's economy, which is largely based on the continued prosperity of the mining industry.

As Australians we are all aware that we owe much of our prosperity to our resources. However, no-one is under the illusion that we will forever be able to rely on mining to prop up our economy. There is also no dispute over the fact that as a nation we need to be savvy about how we ensure that our current resources will ensure our future security. But this tax, which has ignored the advice and input of all but three mining companies and simply does not take into account the situation of hundreds of smaller companies, is not the best way for our country to maximise the benefits of the mining boom in Australia.

As I have stated in this place many times before, we in the coalition recognise that our economy will face many challenges in the future, and we understand that our economy will need to transition and be restructured post the current mining boom, rising to meet the challenges of an ageing population. It is important that as a nation we meet these challenges from a position of strength. The coalition left the current government with that position of strength. The Howard government paid off $96 billion of Labor debt, leaving this government with $50 billion in the bank. However, this Labor government has managed to turn that $50 billion in the bank into over $107 billion in net government debt, which is accumulating more debt at a rate of $100 million a day, with an interest bill of $20 million a day.

It is here that the philosophical difference of the two sides of politics emerges. We on this side of the House believe in lower taxes and in growing the productive capacity of the economy. Those in the Labor Party believe in higher taxes. This Labor government is so addicted to new taxes that it has introduced or increased 19 taxes. For every problem, its solution is a tax. Binge drinking is a problem; we have a tax. Smoking is a problem; we have another tax. There are floods in Queensland—yes, that is right: another tax. Climate change and the environment present a problem; not only do we get a tax but we get the single largest carbon tax in the world. Yet again, what do we have in these bills before the House? Yet another Labor tax.

It is the design of this tax that is fundamentally flawed. This is a bad tax, a
tax that affects the sovereign risk profile of Australia. This is yet another tax from a bad Labor government that will be yet another deterrent to investment in Australia and investment in the future of the mining industry. Contrary to what the Labor Party would have you believe, we are not the only country in the world that has iron ore. We are not the only country in the world that has coal. We operate as part of a competitive global marketplace. This Labor tax, along with all the other Labor taxes, will bear on the investment decisions of companies that are operating in the global marketplace. From where I am sitting, this tax does not bode well for Australia's future.

I am concerned that this tax is another opportunity for a tax grab by the Labor Party as a means to fund its wasteful spending. I am concerned that this government is taking the easy way out and that it is failing to make the tough decisions. We have seen pink batts, school halls and a blow-out on border security—all wasteful spending that should have and could have been avoided. On this side of the chamber we are instead guided by the principle that governments do not have any money of their own; they only have the people's money in trust. This money is held in trust for the people of Australia with the expectation that it will be spent wisely, not wasted in bungled government programs and certainly not wasted under the justification that a government can create yet another new tax, such as this tax that we are debating today.

I also have great concern about what this bill will mean for Australians living in my electorate. It is all very well for this Labor government to say that mining companies will be the ones that foot the bill for this tax, but it is foolhardy to fail to recognise the greater impact this has on all areas of the economy. It is not just the direct impact that this tax will have on the mining companies themselves; it is also the trickle-down effect that we will see for all areas of our economy. In my electorate there are many who will be indirectly impacted by the changes to the mining industry.

Let me share with the House some examples from my electorate. One local business, Glendale Homes, builds prefabricated housing utilised by mining sites and regional communities which host large numbers of mining employees. A decrease in the mining industry and a consequential decrease in the numbers of employees requiring accommodation will wipe out a large percentage of this business and will affect this innovative local business in my electorate. Another great local business, Atlas Heavy Engineering, will also be impacted by the tax. Atlas, like many local businesses, is being hit hard twice this year—one with the cost increase of the carbon tax and yet again with the probable decrease in demand for mining equipment due to this tax.

It is not just businesses adversely affected. Unemployment is a huge concern in my electorate, something I have spoken about countless times before, with the town centre of Caboolture hosting twice the national rate of unemployment. Every day I speak to families in my communities who have been forced to take employment elsewhere, including in the mining industry, because local jobs are difficult to come by in our depressed local economy. An impact on the mining industry from this tax will be felt in my electorate. A loss of mining jobs would put more pressure on families in my electorate, seeing local unemployment continue to rise.

While it is vital that as a nation we take advantage of the current mining boom, that should not be at the expense of future potential investment. The Labor Party may
have conveniently forgotten in their quest for new taxes that we have a tried and proven method which has survived and worked well for more than a century in Australia. This is the system of state based royalties, a system that ensures that money raised from mining is spent in that same state and a system where state governments are competitive and where a state such as my own state of Queensland can make the tough decisions, encourage investment, and be fairly rewarded for doing the hard yards. That is a right that has endured a century—a right that the Labor seek to remove with yet another new tax.

If we as a nation are to take full advantage of the current mining boom, we must do so in a way that encourages potential future investment in our mining industry rather than discourages it. The international investment community must look at what this Labor government is doing in our country with more than a little degree of confusion. Underpinning all investment decisions should be a significant degree of certainty. And the one thing we have never seen from this Labor government is certainty. We have a PM that promised never to introduce a carbon tax under the government she led and who subsequently introduced a carbon tax. Now, with this tax, we have seen version after version, Prime Minister after Prime Minister, with each updated version of this tax negotiated with just a select few companies who were given the opportunity to negotiate and discuss the tax. Three companies, BHP, Rio Tinto and Xstrata, were given the chance to discuss this tax while the Labor Party left the rest of the mining companies, and particularly the critical smaller and start-up mining companies, in the dark. What we are debating here in this place today is this version of the mining tax which represents far more of a political fix than a carefully considered and effective piece of public policy—a political fix that was desperately scrambled together after the current Prime Minister politically assassinated the member for Griffith.

It is clear that there is an imperative for Australia to prepare for its future; however, this tax is not the solution. Another tax grab from this government will hinder, not help Australia’s future. Let me leave the House once again with the wise words of Winston Churchill, which I think so accurately capture this debate. Winston Churchill said:

We contend that for a nation to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle. Perhaps the Labor Party should take his advice.

Mr COULTON (Parkes—The Nationals Chief Whip) (21:01): I too rise tonight to speak on the minerals resource rent tax bills. If I might start with an observation, tonight we are not hearing from members of the government. Mr Ripoll interjecting—

Mr COULTON: This is my 10c worth. Are they not sufficiently encouraged by the merit of this tax to be in here tonight? I understand, as we speak, the Prime Minister is in strong negotiations with the Greens because the deal has not been done. Is this country being run by deals done on the side, by people that sit behind me? Are the people over there that impotent that they sit there, let deals be done by minority groups and then sit on their hands and not contribute to the debate? I find it strange that the members of the government do not have enough conviction to stand up and support something that is of such importance to the future of this country.

This is an ill-conceived and poorly constituted tax. This is a tax that has been put together in conjunction with the three
large mining companies with very little consultation behind closed doors. It is divisive, complex, unfair, fiscally irresponsible, distorting and a lost opportunity. This tax is once again another grab of the resources from regional Australia to be taken and placed elsewhere. I believe that mining companies should contribute more, but I believe they should contribute more to the communities where the mining takes place. We have got the Minister for Regional Australia, Regional Development and Local Government in the chamber tonight and he has stated that future payments under the RDA are dependent on the passing of this tax.

Mr Crean: That is true.

Mr COULTON: I am glad you confirm that, Minister, because I am just wondering where regional Australia is. The last round seemed to have forgotten anything west of the sandstone curtain. I understand that the good people in the art gallery in Newcastle see themselves as regional Australia, but we are not seeing very much west of the range. We are not seeing anything out where this wealth is being produced. We have seen what the policies of this government are doing to regional Australia. Go to the town of Kandos. Last year, they had a cement plant. This year they have got nothing. It was closed down because of the carbon tax. That is the policy of this government. In Cobar, the cement that they use in the copper mine now comes from Asia instead of Kandos. That is what this government is doing. This government is bringing in this tax to fill in its bottom line. It is paying for the wastefulness and the squandering of money that we have seen over the last four years.

The missed opportunity is the need to see real infrastructure and real spending in regional Australia. We need to see real growth that will set regional Australia up beyond the mining boom, that will bring value adding to agricultural produce and that will use some of the energy sources being mined in regional Australia closer to home rather than placing them on ships and sending them overseas. This tax will not do that. This tax will take once again from regional Australia where the wealth is produced and distribute it elsewhere. As with the carbon tax, this government is about wealth redistribution: taking it from those that are productive and placing it elsewhere. Regional Australia will not wear this.

We are seeing a deal that was done by the member for New England to get this tax through. It is with great frustration that the member for New England would pass a tax that is as poorly constituted as this one to get a local outcome. While I have sympathy with the intentions of the member for New England, I believe that he has been duded. I believe he has been sold short. I believe that if anyone else from this side of the chamber went back to the people of the north-west with the deal that the member for New England had done they would be severely ridiculed. The member for New England has basically got another committee and no teeth.

The real issue with strengthening up the legislation we have is with the state governments. The government in New South Wales is working through the process, as is the government in Queensland, I believe, to get this under control. What we have now is a committee and potentially another level of bureaucracy. In the past the farming community have not been served well by environmentalists, and I have great concern that the added focus that this will put on the extraction industries will have long-term detrimental effects on the farmers in my electorate.

The government says that the Prime Minister is a great negotiator. Being in
government, and being the Prime Minister, is about leadership. It is about showing direction. It is not about doing grubby deals. As we speak, negotiations are going on with the Greens. What this country is lacking at the moment is a sense of direction. What this country is lacking is confidence. Every time one of these harebrained, half-baked pieces of legislation comes through this place, the country loses confidence.

What makes Australia grow is when individuals have confidence and belief that they are being led well enough that they can invest and grow their own businesses, undertake employment, undertake education and improve themselves and this country. From speaking to people in my electorate, I know that at the moment they are feeling that they are rudderless. They feel that they are not being led, that the country is being run by side deals and dodgy negotiations—not true leadership. If you want to see an example of an ill-conceived piece of legislation, this is it.

The people that I represent believe that the mining companies should contribute more to the communities where this is coming from. But the government has been duped by the three big miners and an opportunity has gone begging.

Unfortunately, this great House is no longer a place of debate where ideas are exchanged and where legislation is formulated. This place has become a rubber stamp for grubby backroom deals.

Mr RAMSEY (Grey) (21:10): I rise to speak on the Minerals Resource Rent Tax 2011 and related bills. The deliberately leaked ALP polling that is purportedly telling us that the Australian public is in favour of the government’s minerals resource rent tax may well reflect the case. That may be what the public thinks, but just because the public thinks it does not meant that it is a good or an equitable tax. In fact, I think they have been sold some loose information about attacking the big miners and getting their share of the pie, without being given the full facts that underpin the legislation, which favours three players—as against the rest of the mining community—iron ore, coal and the petrochemical industry.

It is a fundamentally badly designed tax that is riddled with inconsistency. The fact is that it taxes only iron, coal and hydrocarbons. Roxby Downs used to be the biggest open-cut mine in the world—a fabulous project, I must say. It will take four years of digging before BHP actually get down to the ore body. It will take four years, using 110 350-tonne dump trucks, 24 hours a day, to get down to the ore body. It is a mine that will last at least 80 years; and, when they do get to the bottom, there is a lot more ore underneath that as well. What a project! But amazingly, it will not pay the minerals resource rent tax. There will be an enormous amount of infrastructure required in the cities of the Upper Spencer Gulf to enable this project. But the government will have to take money from other mining operations interstate and put it back into South Australia, because they have elected to choose just two or three commodities in Australia to tax. That is what I mean about inconsistency.

Mr Crean: Do you support the tax?

Mr RAMSEY: No, I do not support the tax, Minister. I do not support the tax for a number of reasons, which I will come to in a moment. The deal stitched up with the big miners was no doubt a deal to get the big miners’ boots off the neck of government. In the lead-up to the last election, when they were running a public campaign which led to the political assassination of the former Prime Minister Kevin Rudd, the current Prime Minister said that this was one of the
three things that she was going to fix, and she had to come up with a deal. But a deal did not come cheaply. She has done a deal with the big three miners but she has not done a deal with the rest of the mining fraternity.

It gets even sillier, because the tax was originally designed—this is going back to the former Prime Minister's version, the superprofits tax—to usurp the states' ability to tax their own resources. In fact, the government thought that they were going to be able to get away with that this time around as well. I think they even thought they had negotiated that. They thought they had negotiated the point where only current state royalties would be credited back to the mining companies. But—whoops—they made a mistake in the negotiation. In fact, they are covering off on all future rises of state royalties as well. Now the minerals resource rent tax stands as a green light to the states to raise their royalty rates, because all future state royalties will be refunded to the miners.

Get this, Mr Deputy Speaker, because it takes a bit of getting your head around: increases in state royalties will be credited against amounts due under the minerals resource rent tax. A rise in state royalties will not cost the miners extra; it will be directly funded by the federal government. It is an impossible situation. Why wouldn't the states raise their royalties until the revenues from the MRRT disappear altogether? And what risk does this present to future budgets?

Nowhere could the consequences of the state spending someone else's money be more adequately demonstrated than in the BER projects.

At the other end of this imbalance is the Commonwealth, where the government raises the money but does not get to claim credit for the expenditure. The most obvious example I can think of here is the APY Lands, where there is precious little to show for a lot of government expenditure—more than $100 million a year—but what little there is the state takes full credit for. There is new housing and the provision of police stations, but in reality the money has come from the Commonwealth.

Amazingly, 53 per cent of the South Australian government income comes from the Commonwealth. It raises a whole group of questions about federal and state responsibility in services like education and health—but it is not strictly relevant and I do not have time to tease out the detail today, so I will come back to it at a future time. But, notwithstanding the government's inability to stop the states raising their royalty rates up to the level of the MRRT with impunity, the tax is designed to deny the states the ability to more adequately match their revenue raising to their outlays to centralise tax collection.

The states do not have a lot of ways to raise taxes. Many of them are inefficient and impose economic penalties on businesses. The growth taxes they do have—property taxes, payroll taxes and stamp duties—all have significant negative impacts on the wealth generators in our communities and disadvantage businesses across the nation and across state borders. They also disadvantage businesses in comparison with overseas producers. We all know that these special taxes on employment and entrepreneurs are bad for the economies and most state governments would like to get rid
of them, but their choices are limited. The grab by the government to fill a budget black hole because this government cannot stop spending actually impedes the states' abilities in the future to more adequately match their revenue raising to their expenditure, and I think that is a weakness in our federation that will have to be addressed in future years.

To come back to the government's need for a minerals resource rent tax, it is worth considering the recent history. In 2007, when we had a change of government, there was $20 billion in surplus and $45 billion in saving, and the government has had a tax-and-spend four years. Now we have borrowings at $200 billion plus, we have net debt of at least $110 billion and there is every expectation that the MYEFO—which almost certainly we are not going to get during this sitting of parliament but will be released once we have gone away and are unable to shine the spotlight on the result—will show a deterioration of at least $10 billion in that budget. No Labor government in 22 years has produced a surplus, and there is not much chance of one now. The government's forecasts have been woeful and always overly optimistic. So why are things in reality always worse than the government's forecasts? All that can be is spin.

There is an inherent danger in a government relying on profits based on a minerals resource rent tax to underwrite new spending programs, and it relates to the volatility in resource prices. Sure, money is good when prices are up; but it can be non-existent when prices are down. Treasury has calculated these tax dividends going forward in a time of high prices. It is the worst time to calculate what you might be getting from a tax, and that is what the government has done. In fact, they have even spent more—$4 billion more—than they calculate they will raise from this tax. It is a familiar story.

But I think it is worth having a look at iron ore spot prices over the last five years, because, after all, that is what the minerals resource rent tax is based on: iron, coal, oil and gas. In November 2007, average spot price for iron ore was $186 a tonne. In November 2008, it was $72 a tonne. In November 2010, it was $164. By February 2011, it was $190. It is currently around $133 a tonne, and there is a reasonably pessimistic outlook for the price. It may come as a surprise to the government, but the halving of returns is not the halving of profits; the halving of returns is the obliteration of profits.

The one significant company in this space in my electorate—OneSteel, who are exporting around six million tonnes of iron ore a year—has been in the news quite a lot lately. OneSteel said only two days ago that their first-half profits had fallen by 70 per cent, owing to the sharp fall in iron ore in recent months. If we look at those prices, in recent months iron ore has come off about $55 a tonne or 30 per cent. It does not stretch the imagination that far to think it could come off 50 per cent, and then there would be no profit at all.

There are risks to the industry in this, but there is an extra risk to the government to design a budget around a tax that might be there one year and not there the next, the year after that or the next three. I used to be a farmer and I understand a bit about these droughts and famines, and it takes a fair bit of managing to run a national budget on that basis. I would not like to have to run the national budget based on the idea that farmers are always making a steady profit each year.

Where the mining tax might make some sense in my mind is if Australia were to place the returns of the mining tax into a sovereign wealth fund where you accumulate
money. Of course there is not much danger of a sovereign wealth fund being created at the moment, because we have $110 billion in back debt to pay off, but the point is that you could accumulate money in times of high prices. It would pay interest that you could rely on. Then, when times were tougher, you would rely on the interest and would not draw down the rate.

But, as I said, there is very little chance of establishing a sovereign wealth fund in Australia in the near term, because of course we have great debts to pay off.

So the impact of the tax on small to medium miners is also quite apparent. As I said, there is currently only one company in my electorate affected and that is OneSteel. It is a time when OneSteel is really under pressure. The government has trumpeted the steel transformation package but I would point out that, as far as Whyalla is concerned, OneSteel could in fact take the money and run, because it could fulfil its requirements under the steel transformation package and still exit the Whyalla steelworks. The government wants to put another tax onto this company, which is trying to survive at the moment — and, sure, last year it made $500 million out of mining, but it lost $185 million out of steel making.

Interestingly, when it comes to the mining tax, after the AGM that OneSteel had two days ago, its chairman Peter Smedley said, 'There was not sufficient certainty around the outcomes to provide guidance on the financial impact of the tax.' I beg your pardon. It had been negotiating this tax for two years and now this significant miner still does not know how the tax will affect its bottom line. Two years of negotiation and it does not know. So that tells you where this important company was in the negotiation process — well outside the room.

Can we assume for the purposes of this matter that, if OneSteel made a profit of $523 million last year on mining — and I remind you that they lost $185 million on steel making — that 22½ per cent of that would be taken away by the mining resource rent tax. That is $100 million from a company that is losing $185 million a year on steel making, employing 3,000 Australians in doing so. It seems to be a very dangerous assault.

There is great expectation around the electorate that South Australia will emerge as a medium-size supplier of iron in the world market. The small start-up companies I have talked to are all redoing their sums at the moment in the light of both the carbon tax and the mining resource rent tax. One of the things they are telling me is that they are very concerned about the compliance burden because, while they will not be paying tax in the initial years, they are actually going to have to run separate accounting systems because the mining resource rent tax is calculated in a different way to their annual returns because it stops at the mine dump.

One company is seriously considering building a port and, in this case, the pipeline — it is not a railway; it is magnetite — for the calculation of the mining resource rent tax will not be deductible against the costs of developing the mine. The company will have to keep those records going into the future for when they reach the point when they will have to inform the government that they are now starting to make a profit out of this tax. They will run these dual accounting systems for all that time. (Time expired)

Mr McCormack (Riverina) (21:25): Having pushed through this parliament its unpopular, toxic carbon tax under the misnamed 'clean energy' bills, at the behest of the Greens, Labor now wants to introduce
the minerals resource rent tax. This is a government addicted to new taxes. Why is this so? Because this is a government addicted to spending—wasteful spending, unnecessary spending—funding schemes devised in thought bubbles, dreamt up on the run and then made policy against the national interest. Australia's net debt is now about $90 billion. Gross debt is $217 billion. In a six-week period in recent months Labor borrowed another $11 billion.

The Treasurer—if he is the world's greatest Treasurer, I would hate to see the worst—often spruiks about how the government nursed the nation through the global financial crisis. He waxes lyrical about how we came out the other side of the GFC better than other countries in the world. He is correct. But this was only because Labor was left with plenty of money in the bank when it took office in 2007.

Indeed, Labor inherited from the Howard government a $20 billion surplus—a word which is not really in the Treasurer's vocabulary—a $45 billion Future Fund and an economy with no net debt. In four years those savings, earned through sound fiscal management, are all gone. The nation's bottom line is now deeply in the red, forcing future generations to pay off Labor's wanton waste.

There is never a good time to owe more than you can really afford to pay back, and this is especially true at present, with Europe burning and the United States of America in trouble.

Some on the other side may suggest that the minerals resource rent tax is a way to a better financial future, retiring debt and being able to fund worthwhile projects. But what this comes down to is a matter of trust. When it comes to financing programs, Labor simply cannot be trusted. The Minerals Resource Rent Tax Bill 2011 is another tax from a bad government.

The mining industry has, does and will continue to help drive Australia's economic wealth and prosperity. After coming to office in 2007, offering so much vim and vigour, the Rudd government conducted an inquiry into the nation's taxation arrangements, Australia's Future Tax System review, also known as the Henry tax review. The resource super profits tax was the government's response to the review. The announcement caught the mining industry, the states and territories and other stakeholders by complete surprise. This galvanised the mining industry, and a concerted campaign was mounted to have the resource super profits tax abolished. The push to axe the tax contributed to the downfall of Kevin Rudd, and Julia Gillard replaced him on 24 June 2010.

The new Prime Minister, as well as declaring that the government had lost its way, said she would immediately cancel the government's multimillion dollar advertising war with the miners over the superprofits tax. The new Prime Minister undertook to negotiate with the mining industry over the resource super profits tax. Julia Gillard said she would deliver the two taxes, and her third promise was to deal with the influx of asylum seeker boats off Northern Australia—and what a mess that has become. However, instead of negotiating with the mining industry, the new Prime Minister and her Treasurer, the now new Deputy Prime Minister, struck a new mining tax deal in secret, and exclusively, with the three biggest mining companies—BHP Billiton, Rio Tinto and Xstrata—in the lead-up to what was always going to be a difficult 2010 general election.

The clandestine negotiations with the multinational, multicommodity and
multiproject majors excluded around 320 of their competitors and every state and territory government from that process. What resulted from all of this was the minerals resource rent tax and expanded petroleum resource rent tax.

These new taxes are supposed to start on 1 July 2012. Revenue from the proposed national mining tax has been in the Commonwealth budget since 2010-11. The revenue from those taxes, which Treasury has assessed as reducing over time, has already been allocated for a number of related measures, the cost of which will rise over time.

The Henry tax review, supposedly, was intended to simplify the tax system and make it fairer. Instead, the Gillard mining tax is more complex, far more intricate and less fair. There will be an additional 287 pages of tax law—up from 161 pages when the government first released the draft. The big three companies allowed to help design the mining tax get an unfair competitive edge from the minerals resource rent tax—and that is un-Australian. These three companies gain a significant tax shield not available to smaller companies from the introduction of the market valuation system to calculate applicable deductions. That is unfair. Smaller miners will either pay the minerals resource rent tax sooner or continue to pay royalties on production while also being subjected to additional compliance burdens.

The Gillard mining tax lessens Australia's international competitiveness. It has serious implications for the revenue bases of states and territories. The Henry review recommended a national profit based resources rent tax to replace state and territory royalties and that the Australian government should negotiate the federal-state financial relations implications of such a move. The Labor government, however, did not have the courage or decency to engage with the states to do the necessary negotiation on genuine tax reform. Instead, it came up with a policy which has made everything more complicated and everything increasingly messy. That is the Labor way.

You have to feel for the state and territory governments and what this means to them. Resource royalties represent 20 per cent of the Western Australian state government revenue, nine per cent of Queensland's state government revenue and six per cent of New South Wales state government revenue. The Gillard government's mining tax deal hits the federal budget hard. State governments in New South Wales, South Australia, Tasmania and Western Australia have already increased royalties on iron ore and coal. Queensland has reserved its right to do so in the future. That effectively deals a $3 billion blow so far to the federal budget. That is a big whack.

None of the states were privy to the Gillard government's mining tax deal. They were not even consulted—not even considered. A responsible federal government, making far-reaching reform of resource taxation and royalty arrangements, would always, one would have thought, engage in detailed and frank consultation with state and territory governments. Not this one. But then, 'responsible' and 'Labor' are two words which do not, it seems under the present administration, belong in the same sentence.

This mining tax package will leave the budget considerably worse off and over the medium to long term it will worsen the current structural deficit. Revenue from the minerals resource rent tax will be extremely volatile and downward trending. Treasury projections of the mining tax revenue to 2020 released under freedom of information show that Treasury expects revenue to
reduce over time, as commodity prices revert to more normal levels after a global 'supply response' to today's record highs. At the same time, the cost of measures the government has earmarked for the mining tax will continue to grow—and grow strongly—over the years. The cost of the proposed increase in compulsory superannuation from nine per cent to 12 per cent is likely to increase to $3.6 billion in 2019-20. That is when it would be fully implemented. That same year, Treasury projections of the mining tax revenue is $3 billion.

But this Labor government will not let anything get in the way of a tax it can impose—no way. There is not a tax this government does not like. The mining tax could well initially mask the government's own economic mismanagement and failure. For the Treasurer, yet to produce anything near a surplus, that surely will be a plus. But, while the minerals resource rent tax will assist Labor to create the con of an early surplus in 2012-13, it will leave the budget substantially worse off from 2013-14 and beyond. The Senate inquiry into the mining tax has cautiously calculated that, over the next decade, the net cost to the budget—that is, the minerals resource rent tax minus the cost of related measures—will be $20 billion. That is a shocking statistic.

Peter Costello, that deliverer of prudent, sound and immeasurably better budgets than his successor, must cringe when he reads how badly the nation's coffers are faring. The Labor government has already broken its promise on debt. On 11 March 2009, the Treasurer, invoked 'special circumstances', permitting the government to borrow up to $200 billion. In the May 2011 federal budget, the government changed the Commonwealth Inscribed Stock Act 1911 to allow it to borrow up to $250 billion. The government refused to allow the parliament to debate this increase in separate legislation, which has always occurred when it has needed to be increased in the past. This will no longer be a 'temporary' increase due to 'special circumstances'. The government's amendment means a permanent increase in the amount that the government can borrow.

There are 12.3 million taxpayers in Australia. Every taxpayer will owe an extra $12,314 now that Labor has put $150 billion on the nation's credit card. Over the past 12 months, Labor has borrowed $135 million a day, every day. Over the next four years, Australians will pay $18 million a day in interest on this debt. Economics Professor at Harvard University, Dr Ken Rogoff, recently compared debt growth across different countries. He found that, in percentage terms, only Iceland and Ireland had increased debt at a faster rate than Australia.

The carbon and mining taxes will harm Australia's international competitiveness. Spending billions of dollars buying carbon offsets overseas will not help Australia's environment. Imposing the world's harshest carbon emissions tax on Australia's biggest businesses, biggest job creators—Labor calls them polluters—will not reduce the temperature and will not lower sea levels. Imposing a mining tax on selected mining companies will stifle investment, force mining companies to lay off staff to meet shareholder expectations and not return money to the regions from whence it came, where it was dug out of the ground.

As with everything Labor does, the modelling is all wrong. Labor will not so much as reveal the modelling for the carbon tax, because it was based on other countries across the world imposing a similar carbon reduction scheme—and we all know that is not going to happen any time soon, if ever. We have been left here in Australia high and
dry. We will be left in a similar position, high and dry, with the mining tax.

The coalition opposes the government's plan to introduce a minerals resource rent tax. The tax is project based on economic rents made from taxable resources—iron ore, coal and some gases—and the tax is imposed on a mining profit less its MRRT allowances at a rate of 22.5 per cent. You cannot trust Labor to properly spend money made from burdening the nation with yet another tax. You cannot trust Labor, full stop.

There is a better way. Genuine and sustainable tax reform can only be achieved through an open, transparent and inclusive process involving all relevant stakeholders, not just a chosen few, not just the ones that Labor chooses to bring into the tent. The parliament should stop the minerals resource rent tax from going ahead, and the government must start again. The government needs to get its spending under control. It cannot continue to spend the way it has been over the past four years, because the nation demands it and the taxpayers demand it. The government needs to focus on lower, simpler, fairer taxes and genuine tax reform based on a proper process, giving everyone a fair opportunity to have their say and to be heard.

Mr MATHESON (Macarthur) (21:38): I rise tonight to speak on the Minerals Resource Rent Tax Bill 2011 and the accompanying suite of 10 bills. The object of the minerals resource rent tax, the MRRT, as outlined in this bill, is to ensure the Australian community receives an adequate return for its taxable resources, having regard to: the inherent value of the resources; the non-renewable nature of the resources; and the extent to which the resources are subject to Commonwealth, state and territory royalties. The minerals resources rent tax is a project based tax on the economic rents mining companies make from taxable resources, including iron ore, coal—and coal seam gas extracted as a necessary incidental of coal mining—and anything produced from a process that results in coal or iron ore being consumed without extraction, including a number of other gases. The tax will be imposed on a miner's mining profit less its MRRT allowances at a rate of 22.5 per cent.

The proceeds of the MRRT will be used for a number of expenditure items, including: lowering the company tax rate to 29 per cent for small business from 1 July 2012 and 29 per cent for companies from 1 July 2013; increases in superannuation age guarantee and charges; increases in concessional contribution caps for low-income earners over 50; government superannuation contribution tax rebates for low-income earners; increases to small business instant asset write-off threshold and simplified depreciation; motor vehicle deductions for small businesses; a 50 per cent discount on interest income; the establishment of a regional infrastructure fund; standard deductions for workplace expenses; phasing down interest withholding tax on financial institutions; and the abolition of the entrepreneurs tax offset.

Now let us look at the inconvenient truth which no-one on the other side of this chamber wants to address. They take offence at a reality check in relation to their policy. This is indeed a lofty aspiration as these initiatives will conservatively come at a cost of $57.6 billion by 2020. Now let us compare this big spend with the Treasury's modelling of how much the MRRT will actually bring to the government's coffers, which is $38.5 billion dollars. Still no-one on the other side wants to mention that. This is a $19 billion dollar shortfall for the budget achieved in just seven financial years. If we include the additional $2 billion shortfall in revenue as a result of the Western Australian
state government's decision to remove royalty concessions, it brings the total shortfall to just $21 billion dollars.

Referring to the abolition of the entrepreneurs tax offset, more than 400,000 of our country's small businesses will be affected by changes to the ETO as part of the Labor government's complex numbers game to make their mining tax look more appealing. Under the potential changes, 145,000 businesses with an income between $30,000 and $65,000, would face a $10 a week, or $500 per year, tax increase. This is still not addressed by anyone on the other side of the chamber. Self-employed semi-retirees, home-based businesses and small retailers are just some of the types of businesses that face a 25 per cent tax increase under the Gillard government's mining tax. No-one mentions it.

In Macarthur, my electorate, there are 9,760 businesses. Of these, more than 95 per cent are small businesses. These businesses are the backbone of our community, supporting local employment and investing back into the community through our numerous local charities, events and causes. I cannot stand idly by and allow this tax to hurt small businesses in my electorate as they too will face this 25 per cent tax increase as a result of the mining tax.

The minerals resource rent tax has arisen from a fundamentally flawed process. This tax is the brain child—and it has been called a number of other things—of a desperate Treasurer and three mining giants. It has been conceived through secret negotiations with the three mining giants, BHP, Xstrata and Rio Tinto, giving them an unfair competitive advantage over the rest of the industry. Both the Prime Minister and the Treasurer have once again snubbed their noses at the idea of industry consultation—shame.

As a result of this grossly and fiscally irresponsible Treasurer, we have a mining tax before us today that is needlessly complex and convoluted. This tax is divisive and unfair to the remainder of the mining industry. It is custom designed by the three biggest mining companies to further entrench their dominant position within the mining industry, all the while placing a huge administrative and financial burden on the small and mid-tier mining ventures that seek to compete with them. This new tax will also place massive compliance costs on sectors which may not necessarily have a large liability under the MRRT, such as the onshore oil and gas sector.

To make matters worse, the Prime Minister and Treasurer have also foolishly exposed the belly of the beast that is the federal budget by enshrining in legislation a full credit for state royalties paid by a company for a mining project. Already state governments in Western Australia, New South Wales, South Australia and Tasmania have increased royalties on iron ore or coal, with Queensland reserving their right to do so in the future. And it is the state's right to do so. New South Wales had to raise mining royalties as the federal government refused to listen to their concerns about the unfair impact the carbon tax would have on New South Wales electricity generators. The effect of the state's decisions to do this is a hit on the federal budget of close to $3 billion dollars, with potentially more to come.

The Treasurer has no right to whinge about this, as he refused to consult with any of the states when developing this fundamentally flawed legislation. Nor should the Treasurer set his attack dog, the Minister for Infrastructure and Transport, onto these states by threatening to reduce federal infrastructure investment. These are states that are merely protecting their revenue
streams. Resource-rich states rely on the revenue from mining royalties to help fund important services such as health, education, law and order and transport. Did the Treasurer really think he could have a serious and genuine reform of resource taxation and royalty arrangements without actually engaging with the states? Instead, the Treasurer and the Prime Minister are trying to tiptoe around a real reform agenda.

This brings me to my next point, which is whether or not the MRRT is in fact a tax on state property, which is specifically prohibited by the Constitution. The resource rent tax will have huge implications for all of the state and territory governments. Resource royalties represent 20 per cent of the Western Australian state government revenue, nine per cent of the Queensland state government revenue and six per cent of the New South Wales state government revenue. We are already seeing a number of mining ventures, as well as the Western Australian state government gearing up for a High Court challenge over this issue.

Let us look at the facts. This government does not have a great track record defending itself in the High Court. The fact that the government did not even bother to seek advice from Ken Henry about the constitutional validity of the MRRT does not give much confidence in this arrangement.

The last point I would like to make about this government's latest bungled attempt at tax reform is the impact that the MRRT will have on our international competitiveness in attracting further investment. As the shadow Treasurer pointed out, the chief executive of the South African gold miner AngloGold Ashanti, Mark Cutifani, said on 26 October at a Commonwealth Business Forum in Perth that Australia is one of the top sovereign risk countries in the world on the basis of government policy, its demonstrated behaviour in terms of taxation policy and its inconsistency in policy. This is a huge worry.

The constantly changing and confusing nature of this tax has made international investors much more wary about committing funds to Australian projects. But there is a better way to secure Australia's future. The first step is to stop this lunacy, prevent the MRRT from going ahead and force the government to start all over again. This country needs genuine and sustainable tax reform. This reform can only, and it will only, be achieved through an open, transparent and inclusive process involving all relevant stakeholders, not just a selected few. But, before we embark on any tax reform, it is essential that this government gets its spending under control. I have heard a number of speakers show tonight how out of control it is. Once this happens, true reform based on a proper and fair process can occur.

Mr SCHULTZ (Hume) (21:47): I rise to oppose the Gillard government's package of bills that comprise this minerals resource rent tax. I stand with my coalition colleagues, who also oppose the government's measures to reap additional revenue from mining companies who already pay a significant amount of tax and royalties for the right to mine and sell our mineral resources.

The MRRT is a poorly constructed and poorly thought out piece of legislation that attacks the strongest and most profitable sector of our economy. The government's basic argument for implementing this package of bills that make up the MRRT is that we need to tax the mining sector while the going is good because we only dig up the resources once.

I have two problems with this argument. Firstly, Australians do in fact receive 'their fair share', as it were, in three ways: the
royalties paid by mining companies to the states for them to spend on roads, hospitals and schools; the tax mining companies pay to the federal government to spend on the PBS, defence and universities; and, lastly, the profits from mining companies which distribute dividends to self-funded retirees, investors and superannuation funds. Now the federal government wants to take an extra chunk out of our most profitable export market. You cannot have your cake and eat it too.

The second problem I have with the 'tax while the going is good' argument advanced by the Gillard government is that it presumes that government is better at spending the money derived from the mining sector, rather than the hardworking Australians and self-funded retirees who have taken the risk and invested their savings and superannuation into mining companies themselves. The government believes it is better at spending taxpayer's money than the taxpayers themselves. This ideology may be familiar to our Prime Minister, the shrewd and benevolent redistributor of the wealth, and to some others on the government benches. It is called socialism. As I have said before, you can take the girl out of the socialist alliance but you cannot take the socialist out of the girl.

The MRRT is about the government shovelling away as much revenue to spend as quickly as they can before voters exact their judgment in two years time. But what will the Gillard-Brown government spend taxpayers' money on next? Will they spend it on more school halls that are not needed, on home insulation schemes that cost more to rectify than they did to actually implement, on more failed GroceryWatch and Fuelwatch-esque projects, on a National Broadband Network that is overpriced and will be rendered obsolete in a decade's time or on another $10 million for the Geelong Football Club? I am sure the Gillard government have plenty of unworthy projects in the pipeline. The less the government have to spend of hardworking Australian's taxpayers' dollars the better.

The mining and resources sector is providing Australia with an enormous injection of jobs and investment that we must rightly take advantage of. According to the Department of Foreign Affairs and Trade, Australia's total goods and services exports reached $284.6 billion in 2010. Of that total, resource commodities, including iron ore and coal, made up 47.5 per cent of Australian exports with a value of $135 billion. Furthermore, Australia registered a $16.8 billion trade surplus, reversing a trade deficit of $4 billion in 2009. The value of Australia's exports increased by 13.9 per cent with the surge in exports led by strong demand and prices for metal ores, minerals and coal.

Undoubtedly, minerals and resources are the backbone of Australia's trade exports. This sector is recording solid growth and will continue to attract investment in the years to come if the government handles the mining boom in the right way.

The Gillard-Brown government's MRRT policy before the House is not the best way to take advantage of this economic boom. The MRRT adds a whole new and uncertain layer of legislation for minerals and resources companies. It adds nearly 287 pages of tax law—it is up from the 161 pages when the government released the first draft. The MRRT distorts the market sector by introducing the market valuation system to calculate applicable deductions as it gives the big three—BHP Billiton, Rio Tinto and Xstrata—significant protection from taxation that has not been made available to smaller and mid-tier mining companies.
The Association of Mining Exploration Companies recently wrote to me arguing against the unfair taxation advantage the big three mining companies will have over small companies. AMEC stated:

Expert independent modelling by the University of Western Australia highlights the unfair and discriminatory nature of the MRRT regime, and shows there will be a significant difference in the level of the total taxation between a mature mine and a new or emerging miner.

The University of Western Australia modelling shows that there will be at least a four per cent difference in the effective total taxation between a project that was in existence before 2 May 2010 and that applying to less advanced or new developments taking place after 1 July 2012.

The big three miners will be able to claim a significant deduction for the market value of their starting base assets, which allows them to reduce their MRRT liability for the remaining life of the mine or 25 years, whichever is the lesser. New, emerging and invariably smaller mining companies will not be able to claim such an offset. The research goes on to demonstrate that under the MRRT a small, emerging miner will be paying an extra six per cent in tax compared to a large, mature miner that will be paying an extra two per cent. The MRRT regime is unfair and, due to the distortion of the taxation liability, places small and emerging mining companies at a competitive disadvantage.

The constitutional arrangements regarding the role of state governments and the impact on their mining royalty rights have been badly mishandled. The state governments have not been consulted about this major reform. Western Australia, South Australia, New South Wales and Tasmania have all rather shrewdly taken advantage of the loopholes left wide open by the Gillard-Brown government and have increased their royalties, which has already hit the federal budget by nearly $3 billion.

Another troubling aspect of the legislation before the House is the timing of the introduction of the tax on the mining sector at the same time the carbon tax legislation will be introduced next year. The MRRT will compound the carbon tax and will make mining and exporting from Australia completely uncompetitive in a global market. The MRRT will tax the profits of mining companies, which will eat into the profits the companies create. Mines will not shut down immediately, despite reduced profits. The colossal capital investment many mining companies have made over the last decade in infrastructure and equipment will ensure that most projects currently up and running will fulfil their life expectancy, if not simply to garner a return on investment.

The power of the MRRT and the carbon tax combined with higher wages, lack of adequate port infrastructure in Australia and fluctuations in the global market will simply deter future investment in the mining and resources sector in Australia. The investment from mining companies will go offshore to markets and economies that do not have a job-destroying carbon tax or a punitive minerals resource rent tax. Brazil, Canada, South Africa and Indonesia are all nations that are happy to take advantage of Australia’s economic suicide.

The state governments have seen an explosion in revenue through the royalties regime, revenue which has been invested in roads, railways, hospitals and schools. The federal government still reaps rewards from the mining boom through company taxation. The increase in mining revenues has allowed the federal government to make investment in universities, social projects and defence equipment and provide pension increases and medicines. Australians, at both private and
public levels, are already getting a fair share of the mining boom. As profits increase, the private and public pools of money also increase. By imposing the MRRT and the carbon tax, the government is sending the clear signal to the mining industry and the world that Australia is not the place to invest in the future.

I cannot support a package of bills that has been so hastily and secretly prepared, that will drive down investment and competitive advantage in our most important export sector and that will reduce the profits going towards superannuation and investment funds of mum and dad shareholders and self-funded retirees. Nor can I support a package of bills that will increase the revenue stream flowing into the coffers of an incompetent, hopeless and economically illiterate Labor-Greens government.

Mr TUDGE (Aston) (21:59): I rise today to also speak on the mining tax bills that are before us. I do not wish to go over all the material, which previous coalition members have spoken on, but I would like to associate myself with many of the comments that the coalition speakers made today and yesterday. What I would like to do tonight is focus on two points. The first is the impact that this mining tax package will have on the structural deficit and the second is the impact of the tax package on small businesses in my electorate and, indeed, across Australia.

Let me go to the first point. What will this tax do to the budget structural deficit? We all know that one of the problems that this government has is its profligate spending. It has already created a massive structural deficit where its spending programs are growing in excess of the revenues. What does this government do when introducing a new mining tax? It concurrently proposes spending programs which are even greater than what the tax earns. What is worse is that it is highly likely that the revenues from the mining tax will decline over time, while the new expenditures are locked in to increase over the years ahead, hence exacerbating the structural deficit.

Let us look at some of the numbers. If you look at the revenue side of things, the revenues will be volatile and they will be downward trending. The Treasury predicts that the MRRT revenue to 2020 will reduce over time down to $3 billion as commodity prices decrease as international supply increases. However, on the cost side of the equation, costs of the measures introduced by these bills will continue to grow strongly. The proposed increases in the superannuation surcharge levy from nine per cent to 12 per cent, for example, is expected to rise to $3.6 billion by 2019-20. While the MRRT will help the government create the illusion of a budget surplus in 2012-13, it will leave the budget worse off from 2013-14. Indeed, the report of the Senate inquiry conservatively estimates that over the next decade the net cost to the budget of this package will be a full $20 billion. This mining tax package continues the extraordinary tax and spend manner which we have come to know of this particular government. The structural deficit it creates will simply crowd out further private investment and put upward pressure on interest rates.

Let me come to my second point, and that is the impact this package will have on small businesses. One of the measures that this package introduces is barely spoken about by the government. In fact you would be very hard pressed to even notice that this was one of the measures contained in this mining tax package. It is the abolition of the entrepreneurs tax offset. The entrepreneurs tax offset was introduced in 2005 by the Howard government as a means of providing some tax relief for very, very small
businesses which were earning less than $75,000. It provides a 25 per cent tax discount for businesses earning less than $50,000 and then scales out to businesses earning less than $75,000. What does the mining tax package do? It abolishes that entrepreneurs tax offset. This means that 400,000 small businesses across Australia will be impacted by this and will have to pay higher taxes as a result of this package. A small business might be a sole proprietor working from home, or it could be a cleaner, or it could be a tradie or it could be an everyday person trying to start up their own business. They are earning $50,000 and they will now have an $837 tax hike from next year as a result of this package. On average those 400,000 businesses will have between $500 and $800 more tax to pay from next year as a result of this package.

In my electorate, alone, there almost 5,000 businesses that fall within this category. There are businesses like Jillian Ansett’s JMA Marketing and Promotions, for example. This particular business is run solely by Jillian and she runs it from home. It is typical of hundreds of thousands of businesses around the country. It offers marketing and promotional services to other businesses. Her business falls within the income bracket. It is not a wealthy business; it is just a very small, everyday business. She provides a good service and does a good job. From next year her tax bill will be around $800 larger.

Everybody knows that small businesses are already doing it tough at the moment. Everybody knows that. All the members on the other side of the chamber would know that, if they were decent, hardworking local members. You only have to walk down to your shopping strips or into your retail precincts to understand that small businesses are doing it tough. You only have to speak to any of the tradies associations, or speak to some of the tradies or any small business owner and they will tell you that small businesses are doing it tough.

What does this government propose? It proposes a carbon tax so that small businesses will have to pay a 10 per cent increase in their electricity prices. There will be a 10 per cent increase in the first year alone and that increase will go up in subsequent years. That is the last thing that small businesses need. Then on top of that they are now going to have to pay a 25 per cent increase in their income tax if they are a small business earning below $75,000. These are hardworking Australians and they are not earning a lot of money, but they have the courage to get out there, start a business, be entrepreneurial and provide services which people in the community want. So, what does this government do? It wacks them. Instead of actually encouraging such businesses and instead of patting such businesses on the back and supporting them in whatever way we can, particularly through these difficult financial times, this government comes in here, puts on a carbon tax and then comes in here again and gets rid of the entrepreneurs tax offset so that they will have to pay a 25 per cent increase in their tax and have to fork out an extra $800 in cash each year in order to pay for the profligate spending of this particular government.

I think this is an outrage. I can understand why this government is not talking about it. I can understand why no single member on the other side of this chamber has mentioned the abolition of the entrepreneurs tax offset, because it is going to affect thousands of businesses in each one of their own electorates. Four hundred thousand businesses across this nation will be affected by this measure. That means on average 2,000 to 3,000 businesses in every one of our electorates will be affected. I challenge each
of those members opposite, before they go ahead and pass this legislation through this parliament, to speak to these small businesses who are earning $50,000 or $60,000—these hardworking business owners—and ask them what they think of having a 25 per cent tax increase on their earnings. We should be doing everything we can to support small businesses, not penalising them as this government is doing through this mining tax package.

Mr ROBERT (Fadden) (22:09): It is with some hesitation that I rise to lend some comment on the government's minerals resource rent tax, but I make the point categorically that I will not support it and will not vote for it. It is irresponsible; it is a simple grab for cash; and it is simply one more tax from the government. It is almost as if there were not a tax that the government have not looked at attractively; it is almost as if there were not a profit the government did not seek to tax. In coming to office four years ago—indeed, four years ago this Thursday—there have been 13 new, enhanced or emboldened taxes. Is it any wonder that they have asked Treasury to title taxes as savings within Treasury documents? I am not too sure how they reached that degree of hyperbole, but there have been 13 new, enhanced or emboldened taxes.

We have just passed the tax with respect to carbon, a pollutant in the atmosphere. The fact is that no other major advanced economy in the world has put in place an economy wide tax. The President of the United States and the prime ministers of Canada, South Korea and Japan have all indicated they are going nowhere near an economy wide tax. The price of a carbon credit in Europe is about $16 and falling. The price got down to a few cents at the Chicago carbon exchange before it collapsed. I remember the government standing here with its original emissions trading scheme lauding the Chicago exchange as an example of what should be done. I have heard nothing since it collapsed into such a huge hole. We know that in Europe the carbon tax is 1/400th of the impost of the carbon tax upon Australian citizens.

This is a world of great uncertainty, where the 10-year bond rate for Greece is over 25 per cent, Spain's is now over 6.5 per cent and the spread between French and German 10-year bonds has never been greater. This is a time when commentators are speaking of a lost decade approaching us, where most commentators believe Italy cannot afford its repayments and last week the European Central Bank revised projected growth from 1.8 to 0.5 per cent. We are facing the collapse of Italy, the eighth largest economy, amid its inability to pay its debts and the financial contagion that may well eventuate. We have a government building on a carbon tax to make our industry less competitive—and on top of that it is now bringing in a mining tax. It is beyond belief that a government facing such global uncertainties would consider putting greater imposts on our industry, but here it is.

The state of our federal government finances is parlous at best. The quality of the current government spending is less than parlous. Today in question time they lauded the great school hall program: $16 billion to build what I am sure are nice school halls—I have been in quite a number of them—but, in terms of adding economic value to the economy, it is dubious at best, with every cent borrowed and interest being paid on school halls.

The current budget is at the mercy of terms of trade, which are at a 140-year high, with record mineral export prices. A change of just four per cent of these terms of trade will put the much touted 2012-13 budget surplus into pipedream status. We know that
resource exports now stand at 57 per cent of Australia’s total exports and have increased from 41 per cent in 2005. Iron ore, of course, is the largest and coal the second largest export. This reflects, in most part, a sharp rise in global prices, which have increased at an average annual rate of 23 per cent for iron ore and eight per cent for coal over the same period, measured in Australian dollars. We know that the Australian thermal coal price in October 2006 per Australian dollar per metric tonne was $62.62. It reached a high in 2008 of $200 a metric tonne and as of last month it was $125 a metric tonne. You can see the wild price fluctuation. In between the $200 spike in July 2008 the price dropped below $90 in October 2009 and has upped and downed to $125 today.

The government look upon this as if they are walking into an Orthodox church and all they see is the gold that glitters, as opposed to what the church stands for. In this case they are looking at the graphs and saying, ‘We could help our parlous state of finances by taxing this.’ The problem is that we have a structural deficit in our economy if mining resource prices come off and that structural deficit will be exacerbated if the threat of European contagion from a default in Italy comes to mind. Economists are putting that as far more likely than not.

We are a small, open economy. We are incredibly vulnerable to export prices. Whilst the Italian default is likely, economists have also said it is too big to bail out at $2.2 trillion worth of debt. The interest on that debt rolling over $300 billion next year at 6.5 per cent is eight per cent of GDP, $140 billion a year in interest. The Italian government under Berlusconi was saying, ‘But our budget's in surplus’—quietly, cough-cough—‘before interest payments’. Italy is at the point now where it cannot afford the interest let alone keep the economy going. Economists are saying the best case now appears to be a recession in Europe, with the Chinese Vice President yesterday saying a global recession is likely. We pray this is not the case and we will certainly join the government in doing everything we can to ensure it is not the case, although for the most part this is out of our hands.

Public finance is about hoping for the best and planning for the worst, but planning for the worst as storm clouds gather is not about introducing new taxes. If Italy falls, if a degree of financial contagion moves, resource prices will come off. Will they collapse? No-one knows. What if they halve to October 2006 levels of $62? The structural deficit we have will only get worse.

Andrew Robb, the member for Goldstein, made the point that despite the mining boom we have had three record deficits, including of $50 billion and $22 billion or thereabouts, leaving us a net debt of something like $110 billion. Our current 10-year bond rate is fluctuating around four per cent. We need to find $4 billion a year on average upon that debt just in net terms, notwithstanding the fact that we have a gross borrowing approval limit of up to a quarter of a trillion dollars and interest is paid on the gross level. The member for Goldstein made the point that we have a structural deficit in this year’s budget which is twice Germany’s structural deficit on a per capita basis—an astonishing statement. He goes on to say that on a per capita basis compared with Italy, one of the larger economies in the world and one of the shakier ones, we have a structural deficit which is 30 per cent greater. On a per capita basis, he argues, we could be seen as twice as risky, twice as bad and twice as big as Germany, and compared to Italy our structural deficit is 30 per cent greater on a per capita basis.

In anyone's language this is a substantial vulnerability. Faced with such a vulnerability
the question that needs to be asked of a competent government is: would you, facing such a vulnerability, impose an economy wide carbon price that no other country is doing and a substantial hit in a resource tax on our mineral wealth? I think the answer, if you look at what parliaments across the world have done, is a resounding no. The member for Goldstein continued that, if there is a downturn in commodity prices, we may be facing a $50 to $70 billion deficit for years to come with higher debt and all of the prosperity and the blessings we have had from the mining boom may be squandered. The member for Goldstein makes a sobering point.

This is the government's second attempt at a tax on our mineral resources. Their first attempt was to nationalise 40 per cent of the resource sector. This brings back memories of Chifley in 1947 trying to nationalise the banks, but I digress. Not only did they bungle their first proposal in its design, but 18 months later it is being rushed through. The House will sit all night until this bill gets through. It is only Tuesday and there are a number of sitting days left for debate. It is almost as if this is a symbolic attempt by the PM to be seen to be achieving something.

If you look at what the miners will pay it is instructive. The budget estimates have numbers in the multiple billions of dollars with original estimates towards $8 billion, yet BDO research said the mining tax liability for Rio Tinto for the first five years would be zero. They calculated the mining tax liability for BHP as zero again. They took the real-life numbers of a small emerging miner with revenue of up to $700 million and looked at its mining tax revenue: first year, zero; second year, $49 million; third year, $107 million; fourth year, $96 million; fifth year, $68 million; and the following year, $63 million. This results in an effective total tax rate of 40.18 per cent in the first year, 45.68 per cent in the second, 45.76 per cent in the third, 46.12 per cent in the fourth and 46.2 per cent in the fifth year.

This tax has been described as attacking the goose that laid the golden egg. We are looking at a taxation rate on these miners upwards of 45 per cent for mining companies with revenues of up to $700 million—that is not a large-cap mining house. Companies will need to find those resources to pay it, yet Rio and BHP, who can amortise enormous losses, will not be paying anything at all in the first years. It absolutely reeks of Mark Latham's 2004 hit list, but this time the hit list is of companies who are apparently far too wealthy. I have listened to the speeches of Labor members of this House and all they have done is to attack the wealth of the likes of Gina Rinehart, Clive Palmer and others as if to say: 'You're wealthy; we're going to take it from you and redistribute it because we as the government know best.'

Even the Howard government never professed to know best. This government has tried to denigrate what the Howard government did, but let me tell you what they did with the proceeds of first mining boom. Prime Minister Keating left $106 billion in net debt in 1996 and, by the time that was paid off, a further $57 billion was paid off in interest—over $160 billion was paid off because of Labor's last debt.

A couple of years of sunshine—$60 billion was put away in the bank, in the Future Fund, to offset future liabilities in superannuation for public servants and the military and to deal with an ageing population post 2020; $20 billion was put in the bank from the 2006-07 surplus; and the 2007-08 surplus provided a further $20 billion. One hundred and sixty billion dollars or thereabouts was paid off from Labor's debt, including interest; $100 billion in cash was put aside or in surplus from the 2007-08
budget. It was the world's 10th largest sovereign fund at the time. That was $260 billion that the government put aside from the first mining boom—a quarter of a trillion dollars was put aside. That is what a responsible government does in a mining boom: it lives within its means. It saves and is frugal. It does its best to share the wealth of that around whilst also meeting its responsibilities.

Be under no doubt: the reason why we as a country were able to manage many of the ravages of the GFC was that China was, of course, buying our minerals; we had no debt thanks to the Howard years; we had at least $40 billion in spare cash, putting aside the Future Fund; and our interest rates were comparatively high, so monetary policy could be eased. If writing cheques would see us through the GFC, why did no other country fare so well when they wrote bigger cheques than us? Because it had nothing to do with cheque writing and everything to do with prudent fiscal policy.

What we see here is a tax on mining that is poorly constructed, that is poorly thought through and that is being implemented at the worst possible time, when the world is facing some significant ravages out of Italy. It is hallmark and symptomatic of a government that continues to lose its way. (Time expired)

Ms GAMBARO (Brisbane) (22:24): I rise tonight to speak about the Minerals Resource Rent Tax Bill 2011 and associated bills—11 bills in total, another 525 pages of legislation that this tax-and-spend Gillard government want to add to Australian law. These bills are a further symptom of the Gillard government's inability to model and design policy and their failure to consider the full consequences of new taxes for the economy.

These bills are a short-term fix after years of government waste and mismanagement of the economy, which in the long term reduces Australia's international competitiveness and damages our economy. Firstly, the ostensible premise of this bill is to spread the wealth under the misguided assumption that the mining sector is not contributing enough or paying its fair share of the tax revenue. Anyone who has had contact with the mining industry knows the amazing opportunities that mining has opened up for people across Australia and the way the mining boom has helped grow and nourish many local communities all over this great country of ours.

As with the carbon tax, this bill does intend to share the wealth and redistribute hard-earned wealth from the rich to the poor. The government is taking money away from those who are willing to risk it to build an industry which sometimes takes many, many years to make any returns to shareholders and investors and giving it to those who are not. It is the typical return to class warfare that is regularly engaged in by those on the other side of the House. They take a static snapshot of the economy, they see that one particular industry or sector of the economy is doing well, and so what do they do? They tax it and tax it and tax it to breaking point.

The mining sector does in fact make a very large contribution to Australia's economy and the taxation revenue of this nation. According to the Australian Taxation Office itself, the mining sector in 2007-08 paid the highest effective tax rate of any sector in the Australian economy when considering net tax and royalties. The sector employs nearly half a million Australians, many of whom work as mining and environmental engineers or in capital cities—in electorates like the electorate of Brisbane. Many mining companies have offices in the electorate, including BHP, Rio Tinto, Newcrest Mining, Anglo Coal, Hancock and many other resource sector
companies. BHP Billiton, just one mining company, estimates that there are approximately 500,000 Australian shareholders. These are not just institutional investors; they are mum and dad investors who are willing to risk their own money and hope to derive financial benefit themselves from the mining boom.

The member for Higgins yesterday tabled the dissenting report of the Standing Committee on Economics. It is clear from reading that document that this government is ignoring many worrying issues about the mining tax. The Treasurer is not being transparent about the fundamental assumptions behind the modelling, nor does he fully take into account the impacts on the underlying revenue over the forward estimates. The Treasurer has said that a project-by-project resource rent tax is much more efficient than a state based royalties tax, yet at no point in this government's plans and its design of the tax did it consult with any of the state or territory governments—you would think that, with a major reform like this, it would consult with the states and territories, but it did not do any of that—about this huge future reform opportunity to decrease state royalties. I note that Ken Henry's recommendation in that wonderful report that he presented to the government was that a nationwide tax should be implemented to replace a royalties structure. These are Ken Henry's words. This is what he had to say. But this lazy and incompetent government has put all of that in the 'too hard' basket; it is too hard for it to do. So Australia is left with one of the most complex, unfair and messy taxes ever. Instead, the government consulted only the directors of three of Australia's biggest mining companies, and since then the Gillard government has not been able to outline who will pay, what they will pay and how it will work under this tax. Treasury has not modelled the impact of the tax on jobs, on growth or on mining investment, yet the government still wants to go ahead with the tax.

This sounds all too familiar, doesn't it? It is very similar to the Gillard government's very flawed implementation of the carbon tax—even after passing both Houses of Parliament, to this day, we still do not know which of the 500 biggest companies will pay that tax.

There are some companies, like FMG, who predict they will not have to pay anything under the rent tax for years, given the favourable concessions to larger mining companies. On the other hand you have all these contradictions. You have these mid-tier and emerging mining companies that will be heaped with higher and higher compliance costs. Many small miners informed the House of Representatives Standing Committee on Economics of the administrative and compliance burden that they will face if this tax is passed. However, the government does what the government always does best: it refuses to listen to their concerns. It does not consult. Once again, we should not implement this tax until we are fully aware of the costs it will have on emerging mining companies and their employees.

Moreover, these 11 bills contain new revenue and expenditure measures and there is no guarantee that these proposals will be revenue neutral. Already, there is a $3 billion black hole after the state government of Western Australia and New South Wales announced an increase in state royalties of $2 billion and $1 billion respectively. There is also a shortfall in revenue relative to the spending in the government's own numbers to the tune of $2.8 billion for a total blowout of $5.7 billion. In the future, it would not be surprising to see other states increase their
royalties due to the very poor design of this tax grab—and that is all it is: a tax grab. Over time, states could increase their royalties such that they collect all of the revenues previously intended for the federal government, while the expenditure measures of these bills remain in place and unfunded.

There are other revenue worries that relate to the nature of the mining industry itself. We have a government that has deemed this industry to be so successful that it is taxing its so called superprofits. Do we have a promise from the government that when there is no longer a boom, when mining companies are not doing so well—and it will happen; they have told us for many years it will happen—the Labor government will rescind this tax? I doubt it very much.

Ms GAMBARO: The member opposite protests. He knows what I am talking about. Both the RBA and Access Economics have suggested that terms of trade and commodity prices have already peaked and are dropping off much quicker than originally expected.

The amount of continuing revenue that the government expects to receive is far from clear. The Labor government does not know what the states will do. It does not even know how the international market for commodities will perform, yet it has locked in the spending aspects of these bills to further add to Australia's budget deficit.

There are also remaining questions about the effect of the tax on GST distribution. Currently, Western Australia loses billions of dollars a year in GST revenue, meaning that, for every dollar of GST the Commonwealth collects from the state, it hands back only 72 cents. Dr Henry confirmed during the Senate mining tax inquiry that 65 per cent of mining tax revenue over the next decade could come from iron ore production in Western Australia. However, we will not see a 65 per cent return of mining tax revenue return to that state. Again, this is an attempted short-term fix by the Treasurer, which will deprive the people of Western Australia of something that is rightfully theirs.

These bills will also hurt the perception by international businesses of Australia as a safe destination to invest their money, and we see that. The Gillard government is attempting to finish off the parliamentary sitting year by rushing through and implementing another ill-conceived measure that will reduce the confidence of international investors in Australia. In a submission to the committee, the Chamber of Minerals and Energy of Western Australia wrote:

Uncertainty around implementation and administration of the new measures increases the risk premium international investors demand from Australian investment.

We already have a carbon tax, we have a nationalised broadband network crowding out private investment and now we have the additional impost of a mining tax. These will make Australia a less attractive place to invest. Most of all, it is the inconsistency that businesses see in this government. No-one, much less people from outside Australia, know what they will come up with next, and whose agenda it will serve.

It is true that mining is not an industry that value-adds—to iron ore or coal, for example. Consequently, what this tax will do is direct investment to other countries which mine the same materials at the same global prices but have more business-friendly tax regimes. The world is an international supermarket; companies can go anywhere. Other countries have expressed their delight at Australia's mining tax. When Kevin Rudd first announced the now dropped resource super profits tax, the first person to hit the airwaves was the Canadian finance minister, who said:
If it is what it appears to be, a significant tax increase, that's another competitive advantage for Canada.

Canada was out there spruiking how fantastic it would be for Canada. There are new markets emerging everywhere in the world. We have competitive markets in Brazil, Peru, Mexico and many other nations. They are all beginning to open and be attractive to global mining companies. This is not the time to reduce Australia's competitive advantage. If Australia has a mining tax, there is no doubt about it, there will be jobs lost. There will be money sent out of the country.

Finally, the Gillard government decided again to ignore the advice from the Henry tax review. It did not recommend an increase in the superannuation guarantee from a rate of nine per cent up to 12 per cent. As the dissenting report noted, there is no direct link between the mining tax and superannuation itself. The argument that Australia needs a mining tax to finance superannuation is based on a fallacy.

Labor attempts to bolster its case by saying that superannuation is a tax on employers—and many believe this fallacy. What we have is a government that is incompetent. We have a government that continues to tax and tax and tax. The coalition believes that Australians should have the liberty to make fiscal decisions about what is right for their families. There are many families out there who have mortgages and children, and their ability to finance their cost of living will be severely impacted by an increased rate of superannuation payments, because what happens is that there is a trade-off of less take-home pay.

It is clear that this government is willing to damage the long-term prospects of the Australian economy merely to apply a bandaid to the precarious fiscal position which they have put us in. It is just another tax grab. The mining tax that this government devised is fundamentally flawed. They did not consult with industry, they did not consult with other levels of government. They did, however, introduce 11 bills that have a highly volatile revenue stream that could leave the budget in a much worse position than it was before they began. This government has shown us consistently why we cannot trust them to manage the economy. We cannot allow them to use a damaging tax to again damage the Australian economy. For these reasons, we must reject this tax.

Mr O'DOWD (Flynn) (22:38): Today I rise to represent the thousands of owners and operators of small to medium sized businesses in the electorate of Flynn. These are all family businesses that operate as plumbers, mechanics, cleaners, transport operators, childcare centres—and the list goes on and on. These are the businesses that are going to have the flow-on from the minerals resource rent tax together with the carbon tax.

Let us talk about the increase in the superannuation guarantee from nine per cent to 12 per cent. Dishonestly, the government would have us believe that the mining tax will fund the additional three per cent increase in cost to businesses. This is not correct. It will pay the three per cent the government needs to fund the cost of paying the increase to the growing number of public servants, but it will not fund the cost to small business. Mum-and-dad businesses will have to pay it out of their own small incomes. And, as we know, small business is suffering right across Australia. Make no mistake: the MRRT will not contribute one cent to the increased cost caused by the MRRT and the carbon tax—not one cent.
What about the claim that business will get a reduction in company tax from 30 per cent to 29 per cent? About 60 per cent of these businesses are not registered as companies. So guess what? They will not get any tax reduction; they will stay at 30 per cent. That is another misrepresentation by this dishonest government.

A country cannot ever tax itself into prosperity, but this government is addicted to more taxes. If $75 million is a superprofit and warrants an additional tax, there must be a lot of Australian companies out there that are living in fear. What about the banks and financial institutions? I will bet they are getting a bit worried. They are making billions of dollars in profit; the government will be looking at them to tax them also.

Let us talk now about industries in my electorate. A week after the carbon tax passed through both houses in this parliament, Rio Tinto announced that they were isolating their investment in the Boyne Smelters and the NRG Gladstone Power Station, of which they own 42 per cent. They are preparing these investments for sale. They do not do overnight planning for these operations; they are on a 10- to 20-year plan and they have already factored in the cost of a carbon tax and possibly a mining tax, once it goes through this House.

Places like Indonesia, Mongolia, South America and Africa, where taxes and employment costs are much lower than in Australia, are only too willing to pick up our industries and take them offshore. We were the largest coal exporter in the world. Twenty years ago, Indonesia did not export any coal. Would you believe that now Indonesia exports more coal than Australia does? Australia is not the only country in the world that has these resources, but we are the only country in the world that has a tax like we will have after this mining tax comes in.

The government has presented the MRRT to the Australian public as a fix for all our ills, but how can we rely on the government's figures when the Treasurer—who calls himself the 'world's best Treasurer'—tells us one day that revenue from the MRRT will be $7.4 billion and then the next day he says it will be $24 billion? What will it be? Even the world's worst Treasurer would be able to tell us that there is a lot of fresh air between $7.4 billion and $24 billion. Yesterday the Treasurer gave the bizarre excuse that he is yet to update the government's numbers because, he claims, the states are yet to inform him. Hold the phone, Mr Deputy Speaker, the New South Wales and Western Australian governments' royalty increases are included in each state's recent budget papers.

I had assumed that Treasury knows how to read budget papers—but maybe I was wrong.

The big fear that government should have is if the Queensland state government—a Labor government—ever releases a take on royalties. Look out. The Queensland government is in dire straits with huge debt, and, once they do a Western Australia or New South Wales, the royalty issue becomes another field that we do not know. But you can rest assured that the royalties will not decrease; they will only increase, and it will be a burden to the mining industry again.

The Treasurer has to explain—and he should explain before this bill is put to the vote—what the assumptions are on the commodity prices and production volumes. Which companies will pay the MRRT? Which resources will pay the MRRT? How can Australia's small and medium miners afford the tax if Australia's biggest miners are not contributing to the tax? Coal and iron ore prices are controlled by China. We have no guarantee from the federal or state
governments that royalties for regions will improve the state of our regions. What about our health systems? Is there any guarantee our health systems will be propped up in these coal-rich gas fields? We are experiencing high rent costs in those areas; they average between $500 and $2,000 a week. Our roads are deteriorating. There are gross housing shortages. This is placing enormous strain on fixed income families. The regional benefits from a mining tax are nil, as stated so far. I remain totally opposed to this tax.

The mining industry supports many community events, non-profit organisations and sporting events throughout my region. If there is a race meeting on, you can bet there is a trophy given from a mining company. If there is a rural show day, all these types of events are sponsored by mining companies in my area. There is never a community event that goes past where the mining companies have not put their hands in their pockets, sponsoring an event every day, every week, every month of the year. I wonder what will happen to these funding programs in the future. Your guess is as good as mine, but I would like a small wager on what the outcome will be.

I remain totally opposed to this tax and I want to close by saying that it is getting harder to support the government in the style to which it has become accustomed. We are taxing good Australian businesses out of existence, and the mum-and-dad businesses that are vitally important to my electorate deserve a much better deal.

Dr STONE (Murray) (22:48): I also rise to speak on the package of 11 bills which form the minerals resource rent tax legislation 2011. The introduction of the carbon tax was a big blow to the mineral industries in Australia, and now this minerals resource rent tax requires the minerals sector to dig even deeper to fill the holes left after Labor's profligate spending.

We are told this tax was negotiated with three large companies: BHP, Rio Tinto and Xstrata. This is rather extraordinary behaviour. Their competitors, particularly the small- and medium-size mining companies—the little ones who are out there risking all, looking to prove up new deposits, the ones who take on Indigenous employment and offer great hope to families who have never had such amazing jobs, the ones who give them all sorts of great starts in life—were excluded from the negotiations.

This is unprecedented and extraordinary business, taxing the minerals companies, after only the merest and smallest discussions with the state and territory governments. They, after all, have been receiving royalties from the mining companies for many years, and you would have thought that consultations with the state and territory governments re the coordination of their royalties and this new mining tax would have been essential. But we are led to believe there has not been any in-depth discussion.

The revenue from the MRRT is highly volatile, with estimates ranging from $7 billion to $24 billion annually. That is to be expected in a sector where it is literally bust or boom. You often go for many years with exploration before being able to prove there is any value under those there hills. According to estimates made by Deloitte Access Economics, the minerals industry will probably pay a record $23.4 billion in combined company tax and royalties in 2010-2011. That is before the MRRT even comes into existence. In his evidence into the Senate select committee's inquiry into the new taxes, Ken Henry, the then Secretary to the Treasury, agreed that the MRRT would impact on mining company investment.
decisions and their production decisions. What country would set about making it more difficult for high-risk ventures to go about their business and stay there?

Over the last decade, direct revenues from federal company tax and state and territory royalties generated by the minerals industry have exceeded $110 billion, again according to Access Economics. This is, under anyone's estimation, a substantial amount of money coming from mining companies; but, according to the Gillard government, $23.4 billion generated before this new tax is simply not enough. They need more. They have a very particular need.

This government is going further into debt each day they are in power. They are taxing an already heavily taxed industry so they can try to return a coalition type surplus by the next budget. This has been promised repeatedly by Treasurer Wayne Swan. The mining boom has been dubbed a once-in-a-century opportunity, and this government is therefore determined to milk the cash cow so they can try to cover their financial mismanagement—their great expenditures and debts—while they can grab that surplus.

According to the Minerals Council of Australia, the implementation of the MRRT will have a critical bearing on investor confidence and on the future competitiveness of Australia's minerals sector. Why would offshore investors want to invest in mining companies in Australia that will be outrageously taxed by the world's biggest carbon tax and now the MRRT? They can easily go to more competitive and inviting economies such as Brazil, Canada, China and South Africa, where they will not be faced with a crippling set of government grab-mes.

James Edwards, Executive Officer, Economics and Tax, at the Chamber of Minerals and Energy of Western Australia, has said that we do not have a monopoly on resources and we must maintain our international competitiveness. That is just plain obvious and common sense. According to this Gillard government, we need to spread the benefits of the mining boom through taxing the mining companies higher—well, taxing some of them higher. Not only does the minerals industry already pay billions of dollars to state and federal government; it has also given thousands of Australians jobs, and some of these are the best jobs their employees have ever had. Under this government, the Australian unemployment rate is now about 5.3 per cent. Is it possible that this new tax will dampen investment and so cut jobs in the minerals sector, leaving Australian workers and their families much worse off? Why would we do this?

This government has created a financial crisis for itself through reckless spending on whacky and wasteful schemes. Who can ever forget the overpricing and rip-offs in the multibillion dollar BER program, the life-threatening pink batts—billions of dollars blown away there—and the set-top box debacle? My constituents in Echuca still cannot get digital TV. And who can forget the $900 cheques in the mail for dead people and people in New Zealand who had long left the country. Who can forget the hundreds of millions of dollars wasted in buying low-security water—or no water at all—for environmental flows that could not be delivered in the Murray-Darling Basin? Who can forget the billions of extra dollars now spent on detention centres and wages for wardens because this government cannot get its asylum seeker and people smuggler policy right? Who can forget the GroceryWatch and the Fuelwatch schemes, and the My School website which have done nothing but cost money—and, in the case of
My School, blame and shame poor schools for having struggling students?

As the shadow Treasurer reminded us today: ‘This Labor government inherited from the John Howard government a $20 billion surplus with more than $45 billion in the bank. They inherited an economy with no net debt and in just over four years this government has accrued $150 billion in deficits, more than $200 billion of gross debt.’ That is the end of the shadow Treasurer’s quote—but of course he can go on indefinitely, as all of us can, about the fact that every Aussie now carries on their back the equivalent of some $4,000 in debt that this government has accrued in its few years in government.

The Treasurer, Mr Swan, tells us that he is going to have us all back in surplus very soon. How is he going to do that? I think this government decided that, since they seem incapable of efficiently and cost-effectively managing government programs, they will instead lean on the middle and small sized mining companies to fill their coffers. You might wonder, however, why the Labor government needs the MRRT when it is about to raise $27 billion through the new carbon tax. The problem is that the carbon tax is going to cost them $31 billion in expenditure. So the new carbon tax is not going to do it. It is not only going to cripple the competitiveness for every energy-intensive export-exposed workplaces; it is also going to leave the budget $4 billion worse off. That is the carbon tax for you. What a dilemma!

Where else can this government find the cash to fund the surplus—the surplus Mr Swan has promised? I think the minerals sector knows where they have found the magic pudding. Many qualified tradespeople from the Murray electorate have jobs in mines across Australia, and they particularly sought those jobs during the worst drought on record—one that we have just suffered through. These tradespeople work weeks at a time away from their homes and their families. They make great sacrifices to find that employment and to bring their earnings back to their families in Victoria. They make a very good living. I do not want people in my electorate to face more hardship because of this government’s policy squeezing the jobs out of the sector.

Experience shows that we cannot trust this government to spend the revenue raised from this new tax or the carbon tax responsibly. I repeat: when the Rudd government came into power in November 2007, it was handed a substantial surplus of $20 billion, with no net debt and $45 billion in the bank. As we have been saying to ourselves repeatedly: ‘Where’s it all gone? What have we got to show for it?’ Sadly, because this is a city-centric government, rural and regional Australia has nothing to show for it—that is, unless of course you are one of the Independents or Greens whose position in sharing the power depends on being promised some largesse for your electorates.

This government’s failed initiatives have heavily impacted on the people in my electorate of Murray. We had, as I said, the worst drought on record. Some of our farm families could not survive that drought with equity left in their properties. They were forced to think the unthinkable and that was to sell their family farms. Fortunately, there was a program called the Exceptional Circumstances Exit Package—a program that had been initiated by the Howard coalition government. We needed only about another $5 million to assist those farmers who had already committed to sell their properties with the inducement of a $150,000 grant to set them up and retrain them for a future. About $5 million was all that was needed. This government announced that of
course the Exceptional Circumstances Exit Grants would be extended for another 12 months. That was announced in the last budget. We were stunned when, only six weeks after that budget announcement, we were told: ‘Oops! Sorry. We miscalculated the funds for the EC exit grants. They are all committed.’ How can a government not understand before a budget announcement how much is actually committed in grants which in fact take four to six months to determine? What an extraordinary mismanagement. But what heartbreak and devastation that extraordinary decision has left.

Some of my families are now financially devastated from selling their farms. They were forced to sell their farms by circumstances beyond their control, but with an expectation of having some funds to buy at least a home. Those farm families are now hoping that an act of grace might come their way from this government, but that needs to be about $5 million. I hope, therefore, that this government understands that every dollar counts in this economy. Every dollar has been hard-earned by taxpayers or by those who pay resource rentals or excise. Every dollar is hard-won. It should be the end of profligate spending when it comes to this government’s future behaviour.

We have before us a bill to bring in a new tax, the minerals resource rent tax, which is not even going to be spread evenly over the industry sector. We are told, triumphantly, by some of the biggest miners that they do not expect to pay a cent with this new tax. Some of our largest mining companies are warning their shareholders that this tax is a debacle and that it is going to be a serious problem for them in terms of their future competitiveness and whether they even want to stay in this country. So we have to worry very much about this new tax.

In order to get this legislation through, the government has done deals with the Independents and the Greens—but, unfortunately, they are not driven by delivering benefits to all of the Australian community; they are driven instead by sharing power with this government. It has to be more than that. If we are going to have an economy that can recover quickly from an extraordinary round of spending, wastage and bad value for money—if that is going to be achieved—we have to look harder at how we tax a sector like the mining industry.

This industry has done us well in the past. We were built on gold in Victoria in the 1800s. Western Australia is now built on a bigger range of minerals. Western Australia, South Australia, Queensland, New South Wales and Victoria have had an enormous bounty as a result of our mineral wealth. Let us not see that sector as purely a cash cow to cover the profligate spending of a government that does not know how to manage its books.

Ms PARKE (Fremantle) (23:01): As a member of this federal Labor government, it is with quiet satisfaction that I join my colleagues at the end of a difficult but momentous year of reform in order to support the passage of the minerals resource rent tax legislation. This is a Labor initiative. It is about making this country fairer and stronger. It is about sharing the wealth that should be better shared. It is about ensuring that the development of finite mineral resources is translated into wide and long-term benefits for all Australians, and that those benefits are translated into a stronger, more diversified Australian economy.

The minerals resource rent tax which we debate here can be thought of in three ways. First, it is absolutely fair and right for government, on behalf of all its citizens, to make sure that companies and individuals
make a fair contribution through taxation to the common needs and shared wellbeing of this country. Mining companies do not own the non-renewable mineral and energy resources they extract; they belong to all Australians, who are thereby entitled to share in the benefits. Second, the MRRT fits within a suite of tax reforms that will ease the administrative burden and costs on low-income taxpayers and on Australian business, especially small business. Third, the proceeds of the MRRT are directed at the long-term financial benefit of individual Australians and of the Australian economy by underwriting a staged increase in compulsory superannuation from nine per cent to 12 per cent.

Over at least the last decade, large and enormously profitable mining companies have not been paying a fair share through their tax contributions at a time in which their use of our mineral resources has returned a veritable river of gold. Against average Australian business profit of 11 per cent, mining companies have in recent times averaged profit of around 36 per cent, while large mining companies—with more than 200 employees—have averaged around 47 per cent.

The vast majority of economic analysts and even most mining sector participants have acknowledged that an increased tax on profits calculated at the point of extraction is entirely fair, efficient and reasonable. What is more, it is absolutely necessary if we are to create the capacity to deal with the critical issues that confront us in the areas of aged care, disability funding, infrastructure and the support needed for innovation and manufacturing.

Over the last decade, and through some very difficult economic times, mining companies in Australia have been providing a very significant source of export income, and a very significant focus for investment, and a very significant number of jobs. This is more true in Western Australia than anywhere else—and, as a Western Australian, I applaud the sector for its performance and for its contribution to Australia's economic resilience. But we must keep things in perspective. Mining jobs represent less than two per cent of all jobs—and even in WA they represent only about five per cent. Last year, the understandable but not always honourable resistance to fair taxation by some hugely profitable miners, gave many Australians the impression that the resources sector rescued this country from the global financial crisis. Yet very little mention was made of the fact that in the immediate aftermath of the GFC, mining companies cut their workforce by 15 per cent. Very little mention was made of the fact that it was the government that acted decisively to underwrite confidence in the financial and banking sector and to bolster demand in construction and retail—the two highest sectors for employment.

There were also those in the mining industry who tried to blame the equity market jitters last May on the mining tax proposal and also claimed that a mining tax would hurt superannuation by harming resource stocks. Those claims were so ridiculous that David Buckingham, former head of the Minerals Council, was moved to describe the miners' resistance campaign as 'hysterical' and 'complete rot'.

Along with overstatements there was also fearmongering. We were told that fairer tax reform, just like the Clean Energy Future package, would jeopardise investment in Australian resources projects. The shadow Treasurer said that the requirement for hugely profitable mining companies to pay a fairer share of tax on profits above $50 million was 'almost guaranteed to kill the mining boom stone dead'. If the shadow
Treasurer possesses a passing familiarity with the economic and investment data, he would know that resource sector investment, which was $35 billion dollars in 2009-10, grew to $47 billion dollars in the financial year just passed—after the announcement of the MRRT—and that it is projected to reach a staggering $82 billion this financial year.

In recommending that these bills be passed, the House of Representatives Standing Committee on Economics report on the Minerals Resource Rent Tax Bill found that mining companies generated profits of $92.8 billion to June and have plans on their books to invest $430 billion in the further expansion of their industry. The report noted that in the last decade mining profits have jumped 262 per cent. The Australian resources sector has a long record of outstanding, high-level competitive performance, but it is only one of many sectors of our economy and it should always be subject to the same kinds of consideration, scrutiny and regulation as are applied to every other sector.

Philip Daniel, deputy head of the International Monetary Fund's tax policy division has described the MRRT as a 'significantly worthwhile reform' that should be copied by other mineral-rich nations, while the OECD, in its 2010 Economic Survey of Australia, said:

The proposed minerals resource rent tax on coal and iron ore operations, along with the extension of the petroleum resource rent tax, are justified on both equity and efficiency grounds. This reform is not just about ensuring a fair share for all Australians; it is also about improving the tax system across the board. It delivers a tax discount on bank interest, which is often the only investment income for many low-income earners and lower-middle-income earners. It delivers the administrative ease and value of an instant write-off up to $6,500 for small business and it underwrites the reduction in company tax to 29 per cent for all businesses from July 2013, with the tax break for small business to operate from next year.

Finally, and perhaps most significantly, it delivers a further instalment of Labor's great superannuation project. With the passage of the minerals resource rent tax, we will see a staged increase in compulsory employer superannuation contributions from nine to 12 per cent, which will boost the retirement savings of 8.5 million Australians with additional, expanded super concessions for 3.5 million lower-income earners and 275,000 people aged over 50. This will make a huge difference to the position of individual Australians in retirement and it will make an enormous difference to the economy in its aggregate effect. As John Brogden, the Chief Executive of the Financial Services Council and former Liberal leader in New South Wales, observed earlier this month, 12 per cent superannuation:

... sees more than half of the Australian population have an adequate retirement and that's the difference between heavily relying on the pension and having part pension or no pension. This increase in superannuation, which is both prudent and necessary, will make a dramatically positive difference to the retirement income of working Australians, which includes more than 48,000 workers in my own electorate of Fremantle.

Perhaps the most overlooked aspect of the MRRT package is the more than $6 billion that will be invested in vital infrastructure around Australia through the Regional Infrastructure Fund. In Western Australia alone $480 million has already been earmarked for the Gateway WA project, which will see five vital upgrades to Perth's transport infrastructure and highway network.
I am sure it is a matter of serendipity that the parliamentary year should come to an end with these bills, which, along with the Clean Energy Future package, represent large-scale reforms that change Australia for the better and for the long term. They build upon a number of other national policy achievements in 2011 that all Australians now share, including paid parental leave, historic mental health jobs skills and training packages, and the greatest investment in public transport of any federal government. The minerals resource rent tax and the extension of the petroleum resources rent tax, in combination with a range of tax reforms, and crowned by this new and necessary instalment in Australia’s great superannuation story, is a fitting note on which to end what has been a tough but substantial year of good government.

Mr Crook (O’Connor) (23:10): I have previously had the opportunity to speak about my opposition to this mining tax in this House, and I intend to reiterate my opposition to this tax and outline the particular issues of fairness, which have led me to propose amendments to this mining tax. I did not support the mining tax at the election. I do not support the mining tax now. And I will be voting against the mining tax when it comes before the floor of this parliament. I have consistently stated that I do not support a Commonwealth mining tax. I believe that Australia’s natural resources are owned by the states and not the Commonwealth—and, as such, I believe that the current royalty regime is the best mechanism to ensure the community receives a fair share of the mining industry. A Commonwealth mining tax is yet another attempt by the Commonwealth government to erode the states’ rights and states’ royalties. I have consistently said that this tax is a tax on Western Australia, as many have stated in this place today.

Since the announcement of the Gillard tax deal there have been various requests for information on where the mining tax revenue will come from. The government refused to released this information until forced to release it under freedom of information. As discussed in the Senate committee report, this FOI information confirmed that this tax is a tax on Western Australia. The FOI information illustrated that the Prime Minister struck a mining tax deal under which it expected that more than 80 per cent of the revenue would come from iron ore in Western Australia over the forward estimates. The taxing of one specific state economy in this way is unfair and discriminatory. This mining tax is yet another impost on the state of Western Australia. It is part of a triple assault on WA by the federal government: mining tax, carbon tax and the unfair return of the GST revenue.

As well as my opposition to the federal mining tax generally, I have particular issues with the negotiation, design and application of this particular mining tax, referred to as the minerals resource rent tax. Firstly, it will harm Australian miners by damaging their international competitiveness; secondly, the MRRT was the result of a secretive negotiation between the now Prime Minister and the three biggest multinational, multiproject mining companies—BHP, Rio Tinto and Xstrata—to the exclusion of every other mining company in Australia; and, finally, it delivers disproportionate advantages to the three big miners, who negotiated the design of the tax, and delivers competitive disadvantages to smaller, emerging miners who were not privy to the negotiations.

I have consistently called for this mining tax to be scrapped. The current tax was designed behind closed doors with the big three mining heavyweights: BHP, Rio and
Xstrata. I do not begrudge the big three—as many have—for the way they negotiated this tax. Any company would look after their own interests when given the opportunity to negotiate a tax with a government. But these three companies are not representative of the mining industry. These three companies are multinationals with numerous projects which post tens of billions in profits each year. These three mining companies are very different to the 320 smaller mining companies who were excluded from negotiations completely. These companies compete in the same global markets as the big three.

Also excluded from the secret negotiations were the state and territory governments, including the governments of Western Australia and Queensland, where most of the mining industry operates. The secrecy that surrounded the negotiations has also extended to the assumptions, modelling and figures used by the government to underpin their forward estimates. Compare this to the Western Australian government, for example, which publicly provides assumptions underpinning royalties and forward estimates in their budget. Over the months I have lobbied the government hard to listen to industry, listen to the people and scrap the tax. However, if the government insists on this bad tax, it must at least make changes to ensure that it is fairer for the mining companies excluded from the negotiations.

I have opposed the mining tax passionately because my electorate of O'Connor is the home of many mining companies, and many of the companies’ employees. These companies employ, train and upskill many of my constituents. Further, these mining companies, more than any other industry, continually make valuable and voluntary contributions to the community through provisions of infrastructure, funding for charitable projects and sponsorship. For example, a natural resource company operating in the port of Esperance, in my electorate of O'Connor, recently constructed the town's first overpass. This was a major infrastructure project that will continue to provide benefits to the town for many years to come. More than $4 million was spent on local goods, services and contractors during the construction of the bridge.

However, you do not need to live in or represent an electorate such as O'Connor to be outraged by the grossly unfair way this tax was negotiated and finalised, and you do not need to live in an electorate such as O'Connor to feel uncomfortable about the way this tax is set to unfairly advantage the three biggest and most profitable mining companies at the expense of the rest of the mining industry. In this House I have previously expressed my dismay at the Labor government. It is a government that holds out values of fairness and equity, yet it devised and plans to impose a tax that advantages the three richest, largest and most powerful mining companies at the expense of all smaller mining companies in Australia. I am appalled that a Prime Minister would trade off the interests of the unrepresented mining industry to help seal her own leadership deal. It has been my position that if the federal government insists on a mining tax, it should start fresh negotiations in good faith for a fairer mining tax. If the legislation is going to be forced through this parliament, and I truly hope it is not, it is my position that the legislation should at least be fair.

Unlike the government, I have spent considerable time consulting industry on issues related to the mining tax. Following these lengthy consultations, I have decided to move three amendments to make the tax fairer. Firstly, I will be moving amendments to introduce a 10 million tonne ore threshold.
so that smaller miners who sell less than this threshold amount of ore will not be liable for the mining tax at all. Secondly, I will be moving an amendment seeking a legislative commitment that the smaller miners will not pay the tax earlier or at a higher rate than the three mature miners who negotiated the tax. Finally, I will be moving an amendment to exclude magnetite ore from the tax. Magnetite ore is significantly different to hematite ore, and, because of these differences, it should not have been included in the mining tax to begin with. These amendments will not fix the mining tax; however, they would at least make the tax fairer for smaller mining companies as compared to the big three mining companies.

I will now go into these proposed amendments in slightly more detail. The first proposed amendment would introduce a 10 million tonne per annum ore threshold. The effect of this amendment would be that the smaller companies who are under this threshold will not pay the MRRT. This would occur through the introduction of an emerging miner factor which would discount the MRRT rate by 75 per cent. The emerging miner factor, in addition to the existing extraction factor of 25 per cent, would reduce the MRRT rate to nil. The dozens of emerging miners who have profits not comparable to the $20 billion posted by BHP and who were completely excluded from negotiations and consistently excluded from any meaningful consultation should be excluded from the operation of this tax. They should not be subject to the complicated compliance burdens of this tax, they should not be subject to the disproportionate effects it has on emerging miners and they should not be burdened by the weight of a tax designed by the richest and most powerful members of the industry.

If some of the miners excluded from negotiations are forced to pay the tax, there should be a much higher threshold before the liability kicks in. A tax negotiated by a company posting a $20 billion profit and hoping to extract over 300 million tonnes of iron ore in the future should not apply to a company which is making one-thirtieth of the profit and extracting less than one-thirtieth of the ore and which was totally excluded from all negotiations. If the government insists on this mining tax, at the very least a higher threshold should be introduced to properly distinguish between the huge multinationals who negotiated the tax and other, emerging and junior, miners.

Modelling and studies conducted by industry and academic institutions have indicated that the application of the MRRT will lead to the smaller miners paying the MRRT earlier and at a higher rate than will the big three miners who negotiated the tax. This competitive disadvantage was confirmed in a study conducted by a professor of economics at the University of Western Australia. The differential is partly due to the starting base allowance. I do acknowledge that the starting base concept gives recognition to the risk and substantial capital expenditure undertaken up to the proposed taxing point. However, the MRRT must be imposed fairly, and as a question of fairness it is imperative that we ensure that the social consequences of the tax are not unfair to small miners. We must ensure that small miners, perhaps with single projects, do not have cost disadvantages compared with the big miners who have multiple projects. After all, they are all selling their product in the same global market.

As such, I will propose amendments to guarantee that smaller miners will not pay the tax earlier or at a higher rate than the three mature miners. I propose that this be done by inserting a clause in the MRRT bill that ensures that no miner pays before a mature miner pays the MRRT. A mature
miner is then defined as a miner with a group production of over 40 million tonnes, to capture the three large miners in the industry. This will distinguish fairly between the massive established miners and the rest of the industry.

Secondly, a clause in the impositon bill will ensure that no miner's MRRT rate is higher than the highest mature miner's rate. If the government insists on continuing with this flawed tax they should enshrine in legislation that small miners will not pay the MRRT earlier or at a higher rate than the bigger multiproject miners.

The other issue which should be addressed is the exclusion of magnetite from the mining tax. Magnetite ore, unlike hematite ore, has a very low iron content and is therefore of very little value in its raw state. Magnetite companies have to heavily process their ore before it is valuable. The government has said that it expects to recover no tax from magnetite miners under the mining tax because the value of the ore relies on significant downstream processing. However, these companies continue to be burdened with compliance costs and plagued with investment uncertainty over the application of the mining tax. An amendment to exclude magnetite would mean greater investment certainty for a new value-adding industry that promises more than 12,000 new jobs in Western Australia alone.

The mining tax is an assault on Western Australia. It is yet another example of the Commonwealth eroding state revenue bases, and will result in another example of the Commonwealth ripping off regional Western Australia by failing to apply the revenue to WA and to regional Australia generally. The government rhetoric in the budget papers and the media is that they are investing in our mining regions. However, over 50 per cent of the first billion dollars from the mining tax revenue will be spent on upgrading roads, freeways and bridges around Perth airport under the Gateway WA project. The government falsely claims such projects as 'regional development'. In reality it is stripping profits from regionally based companies and misusing that revenue by pandering to marginal electorates and further supporting a fly-in fly-out workforce, which has a devastating effect on regional development in Western Australia.

This is why I will be supporting the member for Kennedy's amendment in ensuring that part of this revenue goes back to regional Australia. I urge the regional members of this House, especially those who have resource industries, to seriously consider the merits of the mining tax on regional development and regional Australia.

In conclusion, I would like to acknowledge my staff—particularly Kayla Calladine—who has done a mountain of work on this very important issue. I thank her sincerely. This mining tax is bad for industry, bad for Western Australia and bad for my electorate of O'Connor. Further, this particular MRRT is grossly unfair for the smaller and emerging miners and is grossly unfair for every mining company excluded from the Labor government's deal with the three big miners.

Mr SLIPPER (Fisher—Deputy Speaker) (23:23): I am pleased to have the opportunity, albeit at this late hour, to join in the debate on this package of legislation currently before the chamber.

I will not detain the House for long, as just about everything that could be said about this legislation has been said by members on both sides of the chamber. I do, however, want to place on record my opposition to the Minerals Resource Rent Tax Bill 2011 and also the related bills.
I think that it is unfortunate that a further tax is being considered. I believe it is not correct that three companies should be given an advantage, and I believe that another tax is not the solution to the need for the government to obtain additional revenue.

This legislation amounts to a cash grab by a government that needs additional funds to continue to run the country. While the Sunshine Coast, that I am privileged to represent, is not traditionally seen as a mining area, we are an area which does have a substantial involvement in the mining industry. Mr Deputy Speaker Sidebottom, I suspect that you, and most other honourable members, have visited the Sunshine Coast, boosting our local economy, enjoying the hospitality of our people and hopefully benefitting our local economy by spending dollars there, thereby creating jobs and making a better lifestyle for those people who live there. If honourable members have not yet been to the Sunshine Coast, may I take this opportunity to encourage them to do so. We are primarily a tourist region, though we do have other industries, and people come from all over the country to visit the Sunshine Coast and enjoy our beaches and our wonderful way of life. But the employment situation across the nation is making it more difficult for many people who reside on the Sunshine Coast to actually get employment there, and they are increasingly searching further afield for work.

The mining industry has provided an answer, and it has also given opportunities for those prepared to fly into and out of the Sunshine Coast to mining communities. It really is important, therefore, from the point of view of those families on the Sunshine Coast reliant upon the mining industry, for the mining industry to continue to be prosperous. Unless the industry is prosperous those jobs will not be provided and local people will no longer have the opportunity to be supported by this industry which has made such a wonderful contribution to the economy of Australia for so many years.

The mining resource rent tax is a threat to the jobs of workers and families. Currently, we have about 2,500 people based on the Sunshine Coast who are employed in the mining sector, and what we really want to achieve on the coast is a situation where we have a very good fly-in fly-out operation. The Sunshine Coast is obviously one of the best parts of our society in which to live. It is one of the most attractive parts of the country. And if we are able to continue to have increasing numbers of people flying in and out of the Sunshine Coast, then that is going to boost our local economy while of course providing an educated, qualified and motivated workforce for the mining industry.

The difficulty is that, with the mining resource rent tax, we are going to have a situation where the industry will have less incentive to expand, and that is indeed unfortunate. There are almost 8,000—in fact, 7,666—businesses in the construction sector which have a vested interest in the continuation and growth of the mining sector. Many of these businesses are family businesses. People work hard. They make sacrifices. They pay their fair share of tax to make ends meet. Unfortunately, if the mining resource rent tax legislation becomes part of the legal fabric of this country then obviously there will be additional tax burdens. This will impact adversely on the ability of the mining industry to provide the kind of living needed by so many of our local businesses which are affected by the economic fortunes of the mining industry, which is an extremely important industry as far as the future of Australia is concerned. It really is important that the government, at this late hour, reconsider this legislation.
It also presents certain difficulties, insofar as the Commonwealth appears to be taking responsibility for an industry and for resources which, under our Constitution, are in fact the property of the states. So I can imagine that there will be a substantial amount of litigation. As a former lawyer, I can understand that this sort of legislation will be excellent for my former colleagues but not necessarily excellent from the point of view of the economic health of the country.

I just think that it really is important to encourage investment in the mining industry and, therefore, it is counterproductive to introduce a tax which will undermine investment because it will act as a powerful disincentive for people to put their money where their mouth is, and we will see this industry, which has really been a saviour for Australia, not succeed as it has in recent times. I therefore ask the government to reconsider the provisions of the Minerals Resource Rent Tax Bill. It is one thing to look at what money the government hopes to obtain from the introduction of this legislation; on the other hand, the government ought to consider the costs that will impact upon so many local communities, including the community on the Sunshine Coast.

I place on the record my opposition to this package of legislation and my intention, when a vote takes place either later tonight or early tomorrow morning, to vote against this legislation. I see it as being retrograde legislation, legislation which will not benefit the local economy on the Sunshine Coast, legislation which is inequitable in so far as it tends to impact more adversely on smaller players in the industry rather than larger players. The government really ought to go back to the drawing board to try to bring forward legislation which is more equitable, less rushed and something which can be accepted by the Australian people.

Mr FRYDENBERG (Kooyong) (23:31): It was the great German statesman of the 19th century Otto von Bismarck who said: 'Laws are like sausages. It is better not to see them being made.' I am reminded of this quote as I rise to speak on the Minerals Resource Rent Tax Bill and the 10 related pieces of legislation. Flawed from the start and deficient to the end, the government's plan to introduce a mining tax at the federal level has been characterised by incompetence writ large. Secrecy and confusion have become bywords for a process that has not just alienated investors and the industry but also contributed to the downfall of a Prime Minister who miscalculated the toxicity of a tax across the Australian electorate. Now the government stands desperate to ram this legislation through the House, cobbling together last-minute deals in the backrooms with the Independents, while denying its own members an opportunity to speak on the bills—all because it fears the political consequences of subjecting such flawed legislation to further scrutiny and debate.

There are three major reasons this legislation should be opposed, so damaging as it is to our economy and our country. First is the flawed process. The minerals resource rent tax now before the House finds its genesis in the resource super profits tax announced by the Rudd government in May last year. The RSPT was the brainchild of the Henry tax review and was one of only a handful of recommendations from the 138 offered by the review that was ultimately adopted and subsequently announced without any consultation with those stakeholders most affected. This 40 per cent tax was on profits which exceeded the 10-year government bond rate. This was seen as a particularly punitive rate of tax and would
have had retrospective application to projects where investment decisions were initially made on the basis that no such tax would ever exist.

The hue and cry was both expected and understandable. But far from learning the lessons of this failure, the new Prime Minister, Julia Gillard—desperate to be seen doing something on the eve of an election—proceeded to enter into exclusive new negotiations with the three biggest miners, leaving many small- and mid-tier players out in the cold. Led by the Prime Minister herself, the Treasurer and the Minister for Resources and Energy, Treasury officials were not invited, leading to the obvious conclusion that this was to be a political not an economic settlement. Again subject to stinging criticism of its process, the government adopted a policy transition group, headed by former BHP Chairman Don Argus, to provide further advice. Its 94 recommendations were subsequently accepted and the result is the MRRT, which is a project-based tax on taxable resources—iron ore, coal and some gases—at a rate of 22½ per cent.

Extending to more than 500 pages, the legislation is extremely complex and has even been subject to question as to its constitutional validity, opening up new avenues of uncertainty. What is more, the MRRT deviates from Dr Henry's original recommendation to do away with state government royalty schemes, preferring to leave them intact. Even the number of companies that the government claims will be subject to the tax has shrunk dramatically. Originally the RSPT was to apply to more than 3,000 miners. Last year, the Prime Minister claimed the revamped scheme would apply to around 300. And now, in the last few days as the threshold has been changed in a deal with the member for Denison, we have the government saying that it will apply to around 30.

It would seem that the mining tax, so important to the government as a matter of principle, has been sacrificed on the altar of political expediency. All the government wants is simply a deal to say it is done. Groucho Marx would be proud of Prime Minister Gillard's actions, for it was he who once said:

Those are my principles and, if you don't like them ... well, I have others.

But if one thinks that the flawed process that led to this tax is bad, then one should consider the detrimental impact it will have on jobs and investment in the mining sector.

Australia's resources sector employs directly more than 200,000 Australians, many in regional areas. The flow-on impact for jobs in construction, mining services and manufacturing is also significant. In 2010-11 mining constituted around 40 per cent of all business investment in Australia, with that number only going upwards from here. As an income earner it is without parallel, with the resources sector contributing around $160 billion in export earnings in 2009-10. We cannot afford to put this kind of investment, job creation and wealth generation at risk—but with the mining tax it is at risk.

Other commensurate resource rich countries like Canada, Brazil, Indonesia and South Africa do not have such a punitive taxation regime. When one adds the carbon tax to the equation it is not hard to see foreign companies and market investors deciding to put their money elsewhere. It is with this in mind that the chief executive of South African miner Anglo Gold Ashanti, Mark Cutifani, said recently at a forum for Commonwealth business leaders in Perth that Australia is 'one of the top sovereign risk countries in the world on the basis of
government policy and its demonstrated behaviour in terms of taxation policy and its inconsistency in policy.’ Such a damning statement must be a cause for concern.

We have to understand that we may be in possession of over 10 per cent of the world’s coal and iron ore reserves, but this is not a monopoly position. The resource industry is competitive and sentimentality has no place. Investors are looking for returns on their capital and if Australia does not provide such a conducive environment they will go elsewhere—and our resources will ultimately stay in the ground and the potential economic dividend to the nation will never arrive. A third and final downside to the government’s MRRT legislation now before the House is the detrimental impact it will have on the budget’s bottom line. It is estimated this mining tax and the PRRT will raise $11.1 billion over the forward estimates. But, with the recent increases in state royalties by the New South Wales and Western Australian governments, this number has fallen to $8.1 billion. With volatile commodity prices—for example, has dropped nearly one-third in recent months—there could be an even bigger black hole in the government’s revenue projections.

Not withstanding these factors, the government has committed to using these proceeds on a range of measures, including changes to the company tax rate, superannuation age guarantee and the creation of a regional infrastructure fund. These government promises will create a structural deficit, with the Senate inquiry into the mining tax estimating that the net cost to the budget over the next decade will be at least $20 billion.

This country is enjoying its best terms of trade in nearly 140 years. But, despite these economic times, the government have an extremely poor economic record which has seen them quickly squander their golden inheritance from the Howard and Costello years of no government debt and $50 billion in the bank, so that this government now have a net government debt position of $107 billion and rising and an interest bill of nearly $20 million a day—enough to build five teaching hospitals in Australia each and every year.

In light of this poor economic record, the mining tax before the House tonight will only make Australia’s budget situation worse. This mining tax is the child of a flawed process. It will increase sovereign risk, it will deter investment and send jobs offshore, and ultimately it will produce a structural budget deficit position which will hurt the Australian people in the long term. For these reasons and many others, the legislation before the House tonight cannot be supported. There must be a better way.

Mrs MARKUS (Macquarie) (23:42): Many speakers before me have pointed out the damaging impact of the Gillard Labor government’s minerals resource rent tax and how it treats sections of the community differently, how it divides the nation and how it will drive small business to the wall. Tonight I want to address one part of the mining tax—a very significant part—and its impact, particularly on small business.

This tax has Labor failure written all over it. It was designed to rake in funds to replace the billions of wasted dollars on failed schemes—the BER program, pink batts, computers in schools—and budget blowouts on hopelessly managed programs like the NBN implementation. The Gillard Labor government’s mining tax has hit a new high. Labor has managed to create a new tax—Labor’s answer to everything—and it has managed to eliminate another of the Howard government’s successful initiatives.
Small business forms the backbone of the Australian economy and the Gillard Labor government is trying its hardest to break the back of the hundreds and thousands of men and women who work in their own business—the self-employed, semi-retirees, home-based businesses, start-ups, small retailers, self-employed contractors and micro-business operators. These ordinary, everyday hardworking Australians are the targets for the Gillard Labor government's attack on small business through the mining tax. As part of the mining tax legislation the Gillard Labor government will abolish the entrepreneur's tax offset. Not many people would know about the tax offset, but those in small business understand its benefits. This tax offset was introduced by the Howard government in 2005 to encourage and support our small businesses and family enterprises. In 2005, it was originally thought that over 300,000 small businesses would benefit from the initiative. In 2008-09, the Australian Taxation Office reported that more than 425,000 microbusinesses had claimed the offset. It provides a 25 per cent tax offset on annual income tax liability on turnover up to $50,000, phasing out to cease at a turnover of $75,000. Abolishing this incentive will mean that around 145,000 small businesses with an income between $30,000 and $65,000 will face at least a $10 a week, or $500 a year, tax slug, with those with taxable incomes around $50,000 facing a $16 per week, or $830 per year, tax hike.

For some businesses—whose incomes are modest and for whom the challenges of running them seem to be getting tougher and tougher—that cost could be the final straw. Any member of this House who walks through their electorate and knocks on small-business doors will understand that it is extremely tough right now. In effect, the loss of the offset will increase costs and act like another tax on small business. Yet the Gillard Labor government is out there saying it is going to be good for small business. It will save the government $180 million in 2013-14 and $185 million in 2014-15—a total of $365 million over the forward estimates.

In the electorate of Macquarie, there are an estimated 4,500 small-business operators, contributing to our diverse national economy. These are businesses that are creating local jobs and driving our regional and local economy. Why should small business have to pay for Labor's total lack of control of spending and the subsequent attempt to save money? What will they tax next when they have spent the mining tax and the carbon tax? Small businesses are the losers again as Gillard and Swan hit productive sectors of the economy to make up ground lost through sheer waste and mismanagement.

The coalition acknowledges that small business is the backbone not just of this nation but of our local and regional economies. It is a local employer. It provides a means for people to be independent and to have a future. The coalition will fight changes to increase taxes for small business. Unlike Labor, we encourage small business and we will ensure that small business has a voice within the coalition, with a seat at the cabinet table.

Small business, by its very nature, is enterprising, hardworking and resilient. This latest hit by the Gillard Labor government will test that resilience. I urge small business, when the next election comes, to remember that Labor, by introducing this legislation into this House, have not considered their needs, the pressure on them, the burden they bear and the sacrifices they make. On behalf of the coalition, I say that this is poor legislation. It is bad legislation for small business. Everyday Australians who work
hard to make a future not just for themselves but for the people they employ and for their local communities deserve better. There is a better way and the coalition can provide it. The coalition cannot support this legislation without changes that will make a difference for small business.

Mr SWAN (Lilley—Deputy Prime Minister and Treasurer) (23:49): I would like to thank all members who have contributed to this debate on all of these bills. Today the Gillard government is taking a major step forward in delivering a historic economic reform. It is a reform which will ensure that Australians get a fair share of the returns from the sale of our non-renewable resources. It will ensure that those returns are distributed right around the community to every corner of our country. I have been listening to the various contributions to this debate over the past 17 hours, and I can tell that those opposite have simply given up the fight—they have lost the stomach for the fight, because they know that history has caught up with them and they are on the wrong side of this debate. They are a party divided and they have finally realised that no is not an answer. It is certainly not an answer when it comes to the needs of our small businesses and certainly not an answer when it comes to the superannuation accounts of working Australians. So they do look very uncomfortable sitting there with their leader, siding with vested interests and not standing up for the 2.7 million small businesses of Australia and the eight million workers of Australia. As they have gone through the debate over the past 17 hours, you can see it gradually dawning on their faces that they are about to vote against the interests of 2.7 million small businesses around this country and against the interests of over eight million working Australians. I never thought I would see the party of Menzies and Howard—and to vote against the interests of small business, as well, I think sets a new low for the modern Liberal Party.

The Australian people will not forget this day. This will be the day that the Liberal Party established itself as the party of the vested interest, not the party of the national interest—a party which has been captured by a handful of companies, not the great mass of the working population of this country—and they will carry this vote with them forever. It will be hung around their necks for the rest of their careers. It will never be wiped from their voting record.

We on this side of the House have chosen this path not because we thought it was going to be easy but because we were absolutely determined to deal with the pressures of the patchwork economy. We chose this path because we believe that Australians deserve a fair return for non-renewable resources—resources they own 100 per cent. When listening to the debate tonight from the Liberals and the Nationals on the other side the House, you would think that these resources were owned by the companies. They are not; they are owned by the Australian people. When prices go to 140-year highs, the Australian people are entitled to a fair return from those resources and they are entitled to have it spread right around their community, not for it to be the exclusive preserve of a few shareholders. These resources are owned by the Australian people, not by the companies. They are our resources. They are nonrenewable; they can only be dug up once, and we as a nation
should be using the profit from those resources to invest in the future of our country, to attract investment in the country and to spread the profit from it around the country to strengthen our country and to build our nation. That is what this is all about. We on this side of the House are the nation builders looking after our workforce, building our small businesses, building the infrastructure, strengthening our economy, building our national savings and strengthening this country for the future—taking advantage of the fact that our terms of trade are at 140-year highs.

That is why we have a proposal for a resource rent tax: to make sure we invest it for the future of our country so we can build our nation, because these resources can be dug up only once and what we are doing is making sure that future generations benefit from these resources. We are making sure they go to the workforce, to eight million workers; to the eight million sovereign wealth funds, the superannuation accounts of the Australian workforce, making sure they get a fair go; and of course making sure that many of the small businesses that are not in the fast lane also get a tax break. This is a very important measure. It will really assist small business cash flow.

On top of all that, there is the investment in infrastructure, particularly in the mining regions. That is also critical, because the mining communities around some of our most profitable mines are not receiving the investment they should be receiving—for example, around Mackay, Townsville, Rockhampton, Mount Isa. We intend to make those investments. Even if the local members do not have a clue about how it can be done and how they should support their electorates, we are determined to make sure that we support those very productive parts of our economy through investment in infrastructure as well.

But we also understand that not every industry is in the mining-boom fast lane. We understand that tourism and other parts of manufacturing are suffering because our dollar is higher. We understand it is important to put in place a range of policies that make our economy more competitive and give a fairer go to those businesses. That is also very important.

What we have here is a package of very important reforms. The $6,500 instant asset write-off will put something like $1 billion in 2012-13 into our economy, into assistance for small business. Think about that for a moment: a billion dollars. But that is not good enough for the party of Howard and Menzies. It is the Labor Party that is prepared to do that because we understand the need to give many small businesses a helping hand.

We also understand the importance of superannuation—what it can do not just for the dignity of working Australians in retirement but also to build up our national savings. We saw how important that was during the global financial crisis and recession. Our superannuation savings were used to recapitalise Australian businesses at a very difficult time. Our national superannuation savings pool is a tremendous asset to this country, the envy of the world, but we have to build it up for individuals and we have to build it up for our nation because as a capital-hungry country we do need to build up our national savings as well—not just our public savings but also our private savings. That is why we want the superannuation guarantee to go up from nine to 12 per cent. For a worker aged 30 who retires at 65, that means an additional $108,000 in retirement, a 24 per cent increase in their retirement savings. So there will be a very significant boost over time, not just from the guarantee but also from the additional contribution we are putting into
the accounts of low-income workers. It will be a very significant boost to the superannuation of many of the lowest paid in our community, many of them women and many of whom do not have very significant retirement savings at all.

All of this comes together in a plan which builds the nation, builds up our workforce, builds up our national savings, builds up superannuation, builds up small business and builds up mining communities. This is how we must respond to the challenges of the mining boom and the challenges of the Asian century.

Now, it is not too late for those opposite to change their minds. The case here is compelling, and we have been reading in the newspapers that there are a number on the other side who are now having second thoughts—and so they should, because the case is so compelling. It is not too late for them to vote for a big tax cut for small business. It is not too late for them to vote for a significant boost in superannuation for eight million Australian workers. We have in the MRRT and the PRRT a tax system which gives an increased return to the nation when times are good. That is why we have a resource rent tax—so that when the terms of trade are high we get a fair share of those. It is something that encourages investment. It is a good tax. That is why it was recommended by the tax review, to replace royalties. Wednesday, 23 November 2011

Listening to those opposite talk about royalties tonight you would swear that they thought the system of royalties is a great tax; it is not. It is an inefficient and poor tax which does not give a fair return to the Australian people, but we have a system which can achieve these other objectives while delivering a fair return to the Australian people. That is what this legislation is all about. It will deliver for small miners just as it will deliver for all in the mining industry. It does not discriminate against small miners at all. It is important to take into account the situation of small miners, and the government has done so. That is why we will lift the threshold to $75 million. We think that is a reasonably good idea—we think that it probably has something going for it—and I hope that we can see that supported in the House tonight. The bulk of this tax will be paid by the very large miners—make no mistake about that—and that is as it should be, because they are the ones who are super profitable.

This bill is a very important reform. It has been argued in this House that somehow it is discouraging investment, but we have a record investment pipeline in mining in Australia at the moment. There is something like $430 billion in the pipeline with something like $82 billion in this year alone, which is up from $35 billion only two years ago. It is very important to put this arrangement in place so that the Australian people can get a fair return.

What is so strange about the debate we are having in this House is that while the mining industry largely supports this tax and says they will pay more, the Liberal and National parties in this House say, 'No, no—they can't afford it; they deserve a tax cut,' and they say all that when they have a $70 billion crater in their budget bottom line while still claiming that they are fiscally responsible! Their first new initiative is to make the big miners pay less tax. How does that work? It certainly does not add up. It defies logic and shows just how irrational those opposite have become.

It has been argued that somehow there has not been enough consultation. There has probably never been tax legislation which has been subject to more consultation than have the bills before this House. It has been
absolutely comprehensive—up hill and down dale, two waves through the tax office, the Argus review and parliamentary inquiries. There has never been more consultation or debate about a bill in this House in the last 20 or 30 years than there has been about this bill. It has been absolutely comprehensive and very thorough, as it should be.

We on this side of the House are supporting very strongly this historic reform to the Australian taxation system which delivers a fair return to the Australian people for the resources they own 100 per cent. We must do this so we support our small businesses. We must do this so we support Australian workers. We must do this to build the nation. We must do this to create prosperity for the future. That is why we on this side of the House are strongly supporting all of these bills before the House. We understand that if we want to leave a stronger Australia for our children and if we want to build the nation, it takes a brave proposal like this which spreads the bounty of our country to every corner of the nation. This is what is required to build a prosperous Australian nation in the 21st century.

The DEPUTY SPEAKER (Mr Murphy): The original question was that this bill be now read a second time, and to this the honourable member for Kennedy has moved an amendment that all words after 'that' be omitted with a view to substituting other words. The immediate question therefore is that the amendment be agreed to.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER: As there are fewer than five members on the side for the ayes, I declare the question resolved in the negative in accordance with standing order 127. The names of those members who are in the minority will be recorded in the Votes and Proceedings.

Question negatived, Mr Katter, Mr Crook and Mr Christensen voting aye. Question put:
That this bill be now read a second time.
A division having been called and the bells having been rung—

The SPEAKER: The member for North Sydney having placed something on his head has raised a point of order. The question is that this bill, the Minerals Resource Rent Tax Bill 2011—one bill—be read a second time.

The House divided. [00:13]
(The Speaker—Mr Harry Jenkins)

Ayes ................. 73
Noes ............... 71
Majority ............. 2

AYES
Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Craan, SF
D'Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Piphersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Dunby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
AYES
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES
Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

Bill read a second time. Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr CROOK (O'Connor) (00:20): by leave—I move amendments (1), (2), (4) and (6):

(1) Clause 10-1, page 7 (line 12), omit "A", insert "substitute "Subject to section 10-30, a"."

(2) Page 9 (after line 17), at the end of Division 10, add:

10-30 No liability unless mature miner pays tax

(1) Notwithstanding any other provision of this Act, a miner other than a mature miner has no liability to pay MRRT for any MRRT year that commences before the MRRT year in which a mature miner has its first MRRT liability.

(2) A mature miner is a miner whose group production of taxable resources for an MRRT year has exceeded 40 million tonnes.

(4) Clause 300-1, page 261 (after line 27), after the definition of general interest charge, insert:

group production of taxable resources has the meaning given by section 175-15.

(6) Clause 300-1, page 263 (after line 8), after the definition of market value, insert:

mature miner has the meaning given by subsection 10-30(2).

These amendments ensure that smaller miners will have no MRRT liability until such time as one of the mature miners pays the tax. Industry modelling has suggested that, due to large starting-base allowances, the three mature miners who negotiated this tax may not actually pay the MRRT for several years.

Amendment (1) seeks to protect the smaller members of the mining industry by ensuring that no miner pays the tax before one of the mature miners. Amendment (2) creates a new section 10-30, which ensures that notwithstanding any other provision of
the act, a miner has no MRRT liability for any MRRT year that commences before the year in which the mature miner first pays the tax. This amendment includes a definition of a mature miner as a miner whose group production of taxable resource for the MRRT year has exceeded 40 million tonnes. These amendments will provide a safeguard for the smaller miners as they will not pay the tax before the biggest miners that negotiated the design of this tax. Question put:

That the amendments (Mr Crook's) be agreed to.

The House divided. [00:28]

(The Speaker—Mr Harry Jenkins)

Ayes....................71
Noes....................73
Majority...............2

AYES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

AYES

Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

NOES

Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Creean, SF
D'Att, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KE
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Pilcher, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

Question negatived.

PAIRS

Ciobo, SM
Haase, BW

Thomson, KJ
McClelland, RB
Mr CROOK (O’Connor) (00:31): by leave—I move amendments (3) and (5) as circulated in my name together:

(3) Page 16 (after line 4), at the end of Division 20, add:

(5) Clause 300—1, page 263 (after line 6), after the definition of long term bond rate, insert:

magnetite ore has the meaning given by subsection 20-5(5).

Amendments (3) and (5) seek to exclude magnetite from the operation of the mining tax. Magnetite ore, unlike hematite ore, has very low iron ore content and is therefore of very little value in its raw state. As such, magnetite companies have to heavily process their ore before it is of significant value. As a result, the government has indicated that the magnetite industry is unlikely to pay the mining tax. Despite this, these companies continue to be burdened with compliance costs and plagued with investment uncertainty over the application of the mining tax. The amendments will mean greater investment certainty for a new value-adding industry that promises more than 12,000 jobs in Western Australia alone.

Question put.

The House divided. [00:37]

(The Speaker—Mr Harry Jenkins)

AYES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L

Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseeman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
ONeill, DM
Parke, M

NOES

Albanese, AN
Bandt, AP
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Hislop, E (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
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NOES

Plibersek, TJ  Ripoll, BF
Rishworth, AL  Rowland, MA
Roxon, NL  Rudd, KM
Saffin, JA  Shorten, WR
Sidebottom, PS  Smith, SF
Smyth, L  Snowdon, WE
Swan, WM  Symon, MS
Thomson, CR  Vamvakinou, M
Wilkie, AD  Windsor, AHC
Zappia, A

PAIRS

Ciobo, SM  Thomson, KJ
Haase, BW  McClelland, RB

Question negatived.

Mr WILKIE (Denison) (00:38): by leave—I move amendments (1) to (5) standing in my name:

(1) Clause 2-1, page 3 (line 25), omit "$50 million", substitute "$75 million".

(2) Clause 2-1, page 3 (line 27), omit "$50 million and $100 million", substitute "$75 million and $125 million".

(3) Division 45, clauses 45-1 to 45-10, page 43 (line 2) to page 45 (line 14), omit the Division, substitute:

Division 45—Low profit offsets

Guide to Division 45

45-1 What this Division is about

A miner is entitled to an offset for an MRRT year if the miner's group mining profit for the year is less than $125 million.

If that profit is less than or equal to $75 million, an offset reduces the amount of MRRT the miner must pay for the year to nil.

An offset phases out between profits of $75 million and $125 million, so that the miner is not immediately subjected to a full MRRT liability when the miner's group profit exceeds $75 million.

Table of sections

Operative provisions

45-5 Low profit offset—profits not greater than $75 million

45-10 Low profit offset—profits greater than $75 million and less than $125 million

Operative provisions

45-5 Low profit offset—profits not greater than $75 million

(1) A miner has an offset for an *MRRT year if the sum of the *mining profits (the miner's group mining profit) for the year of each mining project interest of the following *entities is less than or equal to $75 million:

(a) the miner;
(b) an entity *connected with the miner;
(c) an *affiliate of the miner;
(d) an entity of which the miner is an affiliate;
(e) an affiliate of an entity covered by paragraph (b);
(f) an entity connected with an entity covered by paragraph (b), (c) or (d).

Note 1: An offset under this section reduces the amount of MRRT that a miner must pay for an MRRT year: see section 10-15.

Note 2: If the MRRT year is not a 12-month period, the miner's group mining profit is affected by section 190-20 (substituted accounting periods).

45-10 Low profit offset—profits greater than $75 million and less than $125 million

(1) A miner with a group mining profit greater than $75 million and less than $125 million for an *MRRT year has an offset for that year if the amount worked out using the following formula is greater than zero:

\[ \text{Miner's share} \times (\text{Taper amount} - \frac{\text{Miner's group MRRT allowances}}{\text{Miner's group mining profit}}) \]

where:

*miner's group MRRT allowances* is the sum of the *MRRT allowances for each mining project interest for the year that an *entity mentioned in subsection 45-5(1) has.
**miner's share of group mining profit** is the sum of the miner's *mining profit for each of its mining project interests for the year, divided by the miner's group mining profit for the year.

**taper amount** is the difference between the miner's group mining profit for the year and $50 million.

Note 1: An offset under this section reduces the amount of MRRT that a miner must pay for an MRRT year: see section 10-15.

Note 2: If the MRRT year is not a 12-month period, the miner's group MRRT allowances and the miner's share of group mining profit are affected by section 190-20 (substituted accounting periods).

(2) The amount of the miner's offset for the *MRRT year is the amount worked out using the formula in subsection (1), multiplied by the *MRRT rate.

Example: For the 2013-14 MRRT year, Pinder Mines Ltd has a total mining profit of $80 million, a group mining profit of $100 million, group MRRT allowances of $10 million and a taper amount of $50 million ($100 million—$50 million). The amount worked out using the formula in subsection (1) is $18 million: (($75 million—$50 million)—$10 million) × 4/5 × 3/2. Multiplying this amount by the MRRT rate gives Pinder Mines Ltd an offset for the year of $4.05 million.

(4) Clause 190-20, page 210 (lines 1 to 4), omit the example, substitute:

Example: A miner with a mining profit of $45 million for a transitional accounting period of 120 days will not have a low profit offset under section 45-5 or 45-10, because that profit is adjusted by multiplying it by 365/120, making the profit $136.88 million.

(5) Clause 190-20, page 210 (lines 12 to 22), omit the example, substitute:

Example: A miner has a mining profit of $30 million, and MRRT allowances of $5 million, for a transitional accounting period of 120 days. The miner has no connected entities, or affiliates, that are miners.

Under subsection (1), the mining profit is adjusted to $91.25 million, and the MRRT allowances are adjusted to $15.2 million. Under subsection 45-10(1), the amount of the miner's offset would be $6.26 million (which would exceed the miner's MRRT liability of $5.63 million, so MRRT would not be payable).

However, under subsection (2) of this section, that amount is multiplied by 120/365, making the offset $2.06 million (which would reduce the miner's MRRT liability to $3.57 million).

These amendments are designed to make the minerals resource rent tax fairer for the smallest mining companies who were cut out of the crucial industry-government negotiations which informed the design of the tax. The fact of the matter is that the MRRT was negotiated virtually in secret with just three mining companies—BHP, Rio and Xstrata. The result is a tax construct which those three companies seem to be quite happy with but which leaves numerous smaller iron ore and coal companies in this country not so much ignored as genuinely disadvantaged. For instance, the MRRT's $50 million threshold would ensure that relatively small mining companies, which have taken big risks and are carrying substantial debt, will end up paying the MRRT on top of their existing tax obligations. Moreover, the MRRT's depreciation provisions will offer little relief for small mining companies likely to have little or no depreciable starting base assets that can be written down over time. Compare that with the enormous starting base assets of the big miners, which will give them an equally enormous tax break. In other words, the MRRT as it is currently cast provides no impediment to the big cashed up mining multinationals but it does act as a disincentive to small mining companies and those investors who would become small mining companies.

I raised my concerns in some detail with the government and I am pleased to recognise its interest in supporting these
amendments which would help to rectify the problem with the tax's problematic start-up point by raising the threshold to $75 million with the tax phased in to $125 million. I understand that this would reduce the number of resource companies paying the full rate of the tax to 20 or 30 and would cost about $100 million over the forward estimates. This is a significant sum in its own right, but virtually insignificant when compared with the MRRT's estimated $11 billion revenue over five years.

My interest in pursuing these amendments is to do with process and fairness. When it comes to the MRRT, I do not believe that the government followed proper process when it sat down with just three big mining companies to design the tax. Nor do I think it is fair that the end result treats those same big companies relatively better than small companies, especially when those small companies are their competitors.

My concern has nothing to do with trying to water down the MRRT for the benefit of the mining industry. Of course they should pay their fair share, and when their raw material is public property and the times are good they should pay a premium back to the community. That is exactly what the MRRT will do, and I support that. Nor is there a simplistic correlation between my support for a higher MRRT threshold and the cutting of nurse and teacher numbers, as the Greens are claiming. This is a preposterous and hurtful accusation, more to do with the Greens' political self-interest than any apparent understanding and concern for good public policy.

Taking their personal attacks on me to their logical conclusion, you would be forgiven for thinking that the Greens favour a doubling of the corporate and personal tax rates because that would allow a doubling of the numbers of nurses and teachers. Frankly, I think the Greens should reflect on their own conduct, given the situation in Tasmania right now where the Greens-Labor government is slashing frontline services, including nurses.

In the case of the MRRT it is, and it should be, all to do with getting the settings right so that the community does get a fairer share of the resources boom while at the same time creating the conditions for a prosperous and sustainable resources sector positioned to ride out the downs as well as the ups of industry cycles.

In closing, I acknowledge that I would have preferred a genuine super profits tax on all sectors of the economy, including banking. But I do see merit in returning a fairer share of the resources boom to the community, and the MRRT will, in fact, achieve that. What these amendments will do is go some small way to ensuring that the MRRT is collected more fairly.

Question agreed to.

Mr BANDT (Melbourne) (00:43): I am pleased to be supporting the Minerals Resource Rent Tax Bill 2011 because, like the member for Denison said, although it is not perfect, it is about time that we made a start in Australia on taking a fair share from Australia's mineral resources that we all own as the Australian people and only get to sell once. But there are a couple of logical gaps in this. There is no logical reason why gold should be excluded—

Honourable members interjecting—

The SPEAKER: Order! The member for Melbourne will resume his seat. The question before the chair is that the bill as amended be agreed to. The member for Melbourne is quite in order to seek the call. If people sit there quietly and listen to him they will find out what he is doing.
Mr BANDT: As I was saying, as we are considering this bill in detail, there are two areas where amendments are required. The original proposal suggested gold be included. There is no reason for gold to be excluded. There is also no reason for uranium to be excluded. Accordingly, I move:

That so much of standing and sessional orders be suspended as would prevent the member for Melbourne from moving amendments to the Minerals Resource Rent Tax Bill 2011 which would extend the scope of a charge to the bill to include gold and uranium.

The SPEAKER: If the House would come to order! This is a particularly important point that I have to try to make sense of to you all. What the member for Melbourne is attempting to do is to suspend standing order 179. This goes to the heart of the financial initiative of the House, and I believe that I am in the position to rule his motion out of order because it would lead to something that was outside a fundamental principle implicit in the Constitution. To assist members in a study of this matter I table a briefing note that has been prepared by the Clerk’s office.

Question put:

That the bill, as amended, be agreed to.

The House divided. [00:50]

(The Speaker—Mr Harry Jenkins)

AYES

Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Pibbersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM

AYES

Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
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Rishworth, AL
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Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM

CHAMBER
Third Reading

Mr SWAN: by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [00:54]

(The Speaker—Mr Harry Jenkins)

Ayes.................73
Noes...............71
Majority..............2

AYES

Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

AYES

Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Pilcher, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Slipper, PN
Somlyay, AM
Stone, SN
Tehan, DT
Truss, WE
Turnbull, MB
Vasta, RX

NOES

Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Pilcher, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

PAIRS

McClelland, RB
Thomson, KJ

McClelland, RB
Thomson, KJ

Question agreed to.

Bill, as amended, agreed to.
Question agreed to.

Bill read a third time.

Petroleum Resource Rent Tax Assessment Amendment Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.

The House divided. [00:57]

(The Speaker—Mr Harry Jenkins)

Ayes.........................73
Noes.........................71
Majority.................2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP

NOES

Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

AYES

Leigh, AK
Lyons, GR
Marles, RD
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakakou, M
Windsor, AHC

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsayker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Southcott, AJ

CHAMBER
Tuesday, 22 November 2011  HOUSE OF REPRESENTATIVES  13421

Tehan, DT  Truss, WE
Tudge, AE  Vasta, RX
Van Manen, AJ  Wyatt, KG

PAIRS
McClelland, RB  Haase, BW
Thomson, KJ  Ciobo, SM

Question agreed to.
Bill read a second time.

Third Reading

Mr SHORTEN: by leave—I move:
That this bill be now read a third time.

Question put.
The House divided. [01:00]
(The Speaker—Mr Harry Jenkins)

Ayes................. 73
Noes............... 71
Majority............ 2

AYES
Adams, DGH  Albanese, AN
Bandt, AP  Bird, SL
Bowen, CE  Bradbury, DJ
Brodman, G  Burke, AE
Burke, AS  Butler, MC
Byrne, AM  Champion, ND
Cheeseman, DL  Clare, JD
Collins, JM  Combet, GI
Crean, SF  Danby, M
D’Ath, YM  Dreyfus, MA
Elliot, MJ  Ellis, KM
Emerson, CA  Ferguson, LTD
Ferguson, MJ  Fitzgibbon, FA
Garrett, PR  Georganas, S
Gibbons, SW  Gillard, JE
Gray, G  Grierson, SJ
Griffin, AP  Hall, JG (teller)
Hayes, CP  Husic, EN (teller)
Jones, SP  Kelly, MJ
King, CF  Leigh, AK
Livermore, KF  Lyons, GR
Macklin, JL  Marles, RD
Melham, D  Mitchell, RG
Murphy, JP  Neumann, SK
Oakeshott, RJM  O’Connor, BPJ
O’Neill, DM  Owens, J
Parke, M  Perrett, GD
Plibersek, TJ  Ripoll, BF
Rishworth, AL  Rowland, MA
Roxon, NL  Rudd, KM
Saffin, JA  Shorten, WR
Sidbottom, PS  Smith, SF
Smyth, L  Snowdon, WE
Swan, WM  Symon, MS
Thomson, CR  Vamvakas, M
Willkie, AD  Windsor, AHC

NOES
Abbott, AJ  Alexander, JG
Andrews, KJ  Andrews, KL
Baldwin, RC  Billson, BF
Bishop, BK  Bishop, JI
Briggs, JE  Broadbent, RE
Buchholz, S  Chester, D
Christensen, GR  Cobb, JK
Coulton, M (teller)  Crook, AJ
Dutton, PC  Entsch, WG
Fletcher, PW  Forrest, JA
Frydenberg, JA  Gambard, T
Gash, J  Griggs, NL
Hartsuyker, L  Hawke, AG
Hockey, JB  Hunt, GA
Irons, SJ  Jensen, DG
Jones, ET  Katter, RC
Keenan, M  Kelly, C
Laming, A  Ley, SP
Macfarlane, IE  Marino, NB
Markus, LE  Matheson, RG
McCormack, MF  Mirabella, S
Morrison, SJ  Moylan, JE
Neville, PC  O’Dowd, KD
O’Dwyer, KM  Prentice, J
Pyne, CM  Ramsey, RE
Randall, DJ  Robb, AJ
Robert, SR  Roy, WB
Ruddock, PM  Schultz, AJ
Scott, BC  Seeker, PD (teller)
Simpkins, LXL  Slipper, PN
Smith, ADH  Somley, AM
Southcott, AJ  Stone, SN
Tehan, DT  Truss, WE
Tudge, AE  Turnbull, MB
Van Manen, AJ  Vasta, RX
Wyatt, KG
Question agreed to.

Bill read a third time.

**Tax Laws Amendment (Stronger, Fairer, Simpler and Other Measures) Bill 2011**

*Second Reading*

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to on 2 November, I now put the question that this bill be now read a second time.

The House divided. [01:03]

(The Speaker—Mr Harry Jenkins)

Ayes............... 73

Noes............... 71

Majority........... 2

AYES

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AYES

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NOES

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<td>Wyatt, KG</td>
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</table>
Question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

Consideration in Detail
Bill—by leave—taken as a whole.

Mr SHORTEN (Maribyrnong—Assistant Treasurer and Minister for Financial Services and Superannuation) (01:06): I present a supplementary explanatory memorandum to the bill. By leave—I move government amendments (1) and (2):

(1) Clause 2, page 3 (at the end of the table), add:
7. Schedule 5
At the same time as Schedule 1 to the Superannuation Guarantee (Administration) Amendment Act 2011 commences.
However, if Schedule 1 to the Superannuation Guarantee (Administration) Amendment Act 2011 does not commence, the provision(s) do not commence at all.

(2) Page 20 (after line 6), at the end of the Bill, add:
Schedule 5—Deduction of employer contributions to superannuation funds
Income Tax Assessment Act 1997
1 Subsection 290-80(1)
Omit "*, either".
2 At the end of subsection 290-80(1)
Add:
; or (c) the contribution must reduce your charge percentage under section 22 or 23 of the Superannuation Guarantee (Administration) Act 1992 in respect of the employee.

3 After subsection 290-80(2)
Insert:
(2A) If only paragraph (1)(c) applies, you can deduct only the amount of the contribution that reduces your charge percentage under section 22 or 23 of the Superannuation Guarantee (Administration) Act 1992 in respect of the employee.
(2B) If both paragraphs (1)(b) and (c) apply and paragraph (1)(a) does not apply, you can deduct only the greater of the following amounts (or only one of them if they are equal):
(a) the amount of the contribution that is required by the industrial award, determination or notional agreement preserving State awards;
(b) the amount of the contribution that reduces your charge percentage under section 22 or 23 of the Superannuation Guarantee (Administration) Act 1992 in respect of the employee.

Note: If paragraph (1)(a) applies, you can deduct the whole of the contribution (whether or not paragraph (1)(b) or (1)(c) also applies).

4 Application this
The amendments made by this Schedule apply to contributions made on or after the commencement of this Schedule.
The Gillard government has an effective plan to deal with one of the big challenges facing our nation: how to ensure that Australians enjoy a comfortable retirement as our population lives longer. The government’s historic superannuation reforms will boost Australians’ private savings, helping them enjoy a comfortable retirement. These amendments ensure that employers will be able to claim income tax deductions for superannuation guarantee contributions made to employees aged 75 and over from 1 July 2013.

These amendments enable superannuation guarantee payments to be claimed as a legitimate employment cost and therefore be deductible to the employer. The amendments ensure employers will not bear a higher cost
in employing workers 75 or over compared with other workers. These amendments are part of the same measure that seeks to remove the superannuation guarantee maximum age limit. Without the ability to claim superannuation guarantee payments as a tax deduction, employers would face a hit to their corporate profits; therefore it is vital that these amendments are supported.

The government's policy has been thoroughly considered and is consistent with the broad goals of superannuation policy. I sincerely hope that the government's amendments receive bipartisan support so that older Australians and their employers can have some certainty.

Mrs BRONWYN BISHOP (Mackellar) (01:08): It gives me a great deal of pleasure to say we will be voting in favour of these amendments because here is my private member's bill, introduced in February this year, which says, 'Repeal section 27(1)(a) of the Superannuation Guarantee (Administration) Act 1992', and here is the government amendment doing exactly the same thing. The only thing is that that lot over there and Mr Wilkie and Mr Windsor all voted against my private member's bill to abolish discrimination. Furthermore, I foreshadowed an amendment for deduction for employer contributions to the superannuation funds, which is now being introduced in accordance with our policy, but the difference is this: the Assistant Treasurer has misled this parliament. He said in his second reading speech that this bill ends age discrimination. He misled the House, because it did not. He then went on radio and pretended that he had said this all along. The member is dishonest. The minister is—

Government members interjecting—

The SPEAKER: Order! The member for Mackellar will withdraw.

Mrs BRONWYN BISHOP: I withdraw and rephrase, Mr Speaker. The shadow—or, rather, he will be shadow—the Assistant Treasurer has been caught out misleading the parliament and the people. The Assistant Treasurer has finally given in to the policies which we announced in February of this year. But there is an additional problem, and it is this: when the minister says that he will amend his bill, he is putting at risk his own legislation, because in this bill now are two measures relating to taxation, and section 55 of the Constitution says that a taxation matter may only be dealt with in a single bill. The minister should withdraw his initial bill and introduce two separate pieces of legislation. There is plenty of precedent for this where previously the legislation has been seen to be at risk and the government has chosen to withdraw its bill and introduce two separate pieces of legislation.

I do not expect for a minute that the Assistant Treasurer wishes to comply with the proprieties of this House. He has shown that by saying in his second reading speech that this bill ends age discrimination when it does not and then putting up on his website an alternative speech, which he purports to be his second reading speech—his tabling speech—saying that the government will amend the bill. The long and the short of it is that the Assistant Treasurer has in fact left on the record in his second reading speech, his tabling speech—a speech which can receive the attention of the court in any interpretation of the law, an error—and it is wrong. He will not correct the record of this misleading of the parliament.
I say to you, Mr Speaker, that a way has to be found in which the error and the deliberate misleading by the Assistant Treasurer has been left on the record. It must be corrected.

**The SPEAKER:** Order! The member will withdraw that remark. She knows that that can only be raised in debate through a substantive motion.

**Mrs BRONWYN BISHOP:** Perhaps, Mr Speaker, you will tell me which particular remark.

**The SPEAKER:** The member is quite aware of the way that she ratcheted up the accusation that she made.

**Mrs BRONWYN BISHOP:** Mr Speaker, the minister said this bill establishes—

**The SPEAKER:** The member will withdraw!

**Mrs BRONWYN BISHOP:** I withdraw, whichever.

**The SPEAKER:** The member will withdraw!

**Mrs BRONWYN BISHOP:** I withdraw, Mr Speaker. *(Time expired)*

**The SPEAKER:** The question is that the amendments be agreed to.

Question agreed to.

**The SPEAKER:** The question now is that the bill, as amended, be agreed to.

Question put.

The House divided. [01:18]

(The Speaker—Mr Harry Jenkins)

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<th>NOES</th>
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<td>Windsor, AHC</td>
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The House divided. [01:23]
(The Speaker—Mr Harry Jenkins)

Ayes ...................... 73
Noes ...................... 71
Majority ................. 2

AYES
Adams, DGH  Albanese, AN
Bandh, AP    Bird, SL
Bowen, CE    Bradbury, DJ
Brodtmann, G  Burke, AE
Burke, AS    Byrne, AM
Cheeseman, DL Champion, ND
Collins, JM    Clare, JD
Crean, SF    Combet, GI
D'Ath, YM    Danby, M
Elliot, MJ    Dreyfus, MA
Emerson, CA  Ellis, KM
Ferguson, MJ  Ferguson, LTD
Garrett, PR    Fitzgibbon, JA
Gibbons, SW    Georganas, S
Gray, G        Gillard, JE
Griffin, AP    Grierson, SJ
Hayes, CP       Hall, JG (teller)
Jones, SP        Husic, EN (teller)
King, CF        Kelly, MJ
Livermore, KF    Leigh, AK
Macklin, JL    Lyons, GR
Melham, D        Marles, RD
Murphy, JP      Mitchell, RG
Oakeshott, RJM  Neumann, SK
O'Neil, DM     O'Connor, BPJ
Parke, M         Owens, J
Pilibersek, TJ  Perrett, GD
Rishworth, AL    Ripoll, BF
Roxon, NL      Rowland, MA
Saffin, WA  Rudd, KM
Sidebottom, PS    Shorten, WR
Smyth, L       Smith, SF
Swan, WM      Snowdon, WE
Thomson, CR    Symon, MS
Wilkie, AD    Vamvakinou, M
Zappia, A       Windsor, AHC

NOES
Abbott, AJ     Alexander, JG
Andrews, KJ    Andrews, KL
Baldwin, RC    Billson, BF
Bishop, BK     Bishop, JI
Briggs, JE     Broadbent, RE
Buchholz, S    Chester, D
Christensen, GR Cobb, JK
Tuesday, 22 November 2011

The Speaker—Mr Harry Jenkins

Ayes ................. 73
Noes ................. 71
Majority ............ 2

AYES

Adams, DGH
Bandh, AP
Browne, CE
Brodtmann, G
Burke, AE
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D'Abate, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Melham, D
Murphy, JP
Oakeshott, RJM
O'Neil, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M
Windsor, AHC

PAIRS

McClelland, RB
Haase, BW
Thomson, KJ
Ciobo, SM

Question agreed to.

Bill read a third time.

Superannuation Guarantee (Administration) Amendment Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to by the House on 2 November 2011, I now put the question that this bill be now read a second time.

The House divided. [01:26]

Ayes ......................
Noes ......................
Majority ...............
Mr SHORTEN (Maribyrnong—Assistant Treasurer and Minister for Financial Services and Superannuation) (01:28): I present a supplementary explanatory memorandum to the bill. I move government amendment (1):

Schedule 1, item 4, page 3 (lines 17 and 18), omit the item, substitute:

4  Paragraph 27(1)(a)
Repeal the paragraph.

This amendment will abolish the maximum superannuation guarantee age limit—surprised as I was that the opposition voted against giving older people a fair go. Currently the superannuation guarantee applies only to people under the age of 70. In the legislation introduced on 2 November 2011 the superannuation guarantee age limit was lifted to 75. Today, this bill will ensure that all mature-age Australians receive the superannuation guarantee, that all mature-age Australians will receive the nine per cent to 12 per cent contained in the bill. It will allow Australians to secure higher standards of living in retirement.

This change is the result of strong representations from members of the Labor caucus, such as—but not exclusively—the members for Petrie, Blair, Greenway and Robertson, and indeed members of the cross bench, including but not limited to the member for Lyne and the member for New England. From 1 July 2013, the guarantee will be payable for eligible employees aged 75 and over for the first time. This will increase the coverage to approximately an additional 18,000 Australians aged 75 and over who are working, who will get the benefit of the superannuation guarantee as they continue working. Making superannuation contributions compulsory for these mature-age workers will improve the adequacy and the equity of the retirement incomes system and provide an incentive to older Australians to remain in the workforce for longer.

In addition, the 1 July 2013 commencement date provides time for employers and older Australians to adjust to the new superannuation arrangements. This reform has been welcomed by a range of community stakeholders, including National
Seniors, who, in their 2 November press release, stated:

On the right for older Australians to have equal access to superannuation, this Government has put their money where their mouth is.

I hope that the government's amendment and the entire bill receives bipartisan support. However, I do wonder if it is time for another hastily convened teleconference of the 'noalition' leadership team.

Message from the Governor-General recommending appropriation announced.

Mrs BRONWYN BISHOP (Mackellar) (01:30): With this, we see the conversion of the government to the opposition's position that there was a need to abolish and repeal section 27(1)(a) of the Superannuation Guarantee (Administration) Act. Indeed, if the minister opposite had bothered to see his mother-in-law to get a section 56 statement—

Government members interjecting—

The SPEAKER: Order! The member for Mackellar will resume her seat. The question is that this amendment be agreed to.

Question agreed to.

Question put:

That the bill, as amended, be agreed to.

The House divided [01:36]

The Speaker (Mr Harry Jenkins)

Ayes:....................72
Noes:....................69
Majority:.............3

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vannikoula, M
Windsor, AHC

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J

AYES

Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georgas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Plibersek, T
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Alexander, JG
Andrews, KL
Billson, BF
Bishop, J
Broadbent, RE
Chester, D
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambhoro, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Question agreed to.

Bill, as amended, agreed to.

The SPEAKER (01:38): Before calling the Assistant Treasurer, whilst the hour is late, I want to make sure that, with an incident of the order that occurred earlier, people are clear on what action the chair took. I refer all members to standing order 88, and I refer all members to the ability of the chair to withdraw the call as an action in response to disorder. I want that clearly understood.

Third Reading

Mr SHORTEN: by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [1:41]

(The Speaker—Mr Harry Jenkins)

Ayes.................72
Noes....................70
Majority..............2

AYES

Adams, DGH  Albanese, AN
Bandt, AP  Bird, SL
Bowen, CE  Bradbury, DJ
Brodsmann, G  Burke, AE
Burke, AS  Butler, MC
Byrne, AM  Champion, ND
Cheeseman, DL  Clare, JD
Collins, JM  Combet, GI
Crean, SF  Danby, M
D’Ath, YM  Dreyfus, MA
Elliot, MJ  Ellis, KM
Emerson, CA  Ferguson, LDT
Ferguson, MJ  Fitzgibbon, JA
Garrett, PR  Georganas, S
Gibbons, SW  Gillard, JE
Gray, G  Grierson, SJ
Griffin, AP  Hall, JG (teller)
Hayes, CP  Husie, EN (teller)
Jones, SP  Kelly, MJ
King, CF  Leigh, AK
Livermore, KF  Lyons, GR
Macklin, JL  Marles, RD
Mitchell, RG  Murphy, JP
Neumann, SK  Oakeshott, RJM
O’Connor, BPJ  O’Neill, DM
Owens, J  Parke, M
Perrett, GD  Plibersek, TJ
Ripoll, BF  Rishworth, AL
Rowland, MA  Roxon, NL
Rudd, KM  Saffin, JA
Shorten, WR  Sidebottom, PS
Snowdon, WE  Smyth, L
Symon, MS  Swan, WM
Vamvakoumis, M  Thomson, CR
Windsor, AHC  Wilkie, AD
Zappia, A

NOES

Abbott, AJ  Alexander, JG
Andrews, KJ  Andrews, KL
Baldwin, RC  Billson, BF
Bishop, BK  Bishop, JI
Briggs, JE  Broadbent, RE
Buchholz, S  Chester, D
Christensen, GR  Cobb, JK
Coulton, M (teller)  Crook, AJ
Dutton, PC  Entsch, WG
Fletcher, PW  Forrest, JA
Frydenberg, JA  Gamboro, T
Gash, J  Griggs, NL
Hartseyker, L  Hawke, AG
Hockey, JB  Hunt, GA
Irons, SJ  Jensen, DG
Jones, ET  Katter, RC
Keenan, M  Kelly, C
Laming, A  Ley, SP
Macfarlane, IE  Marino, NB
Markus, LE  Matheson, RG

CHAMBER
Tuesday, 22 November 2011

HOUSE OF REPRESENTATIVES

2011

13431

McCormack, MF  Mirabella, S
Morrison, SJ  Moylan, JE
Neville, PC  O'Dowd, KD
O'Dwyer, KM  Prentice, J
Pyne, CM  Ramsey, RE
Randall, DJ  Robb, AJ
Robert, SR  Roy, WB
Ruddock, PM  Schultz, AJ
Scott, BC  Secker, PD (teller)
Simpkins, LXL  Slipper, PN
Smith, ADH  Southcott, AJ
Stone, SN  Tehan, DT
Truss, WE  Tudge, AE
Turnbull, MB  Van Manen, AJ
Vasta, RX  Wyatt, KG

Chamber

AYES

Cheeseman, DL  Clare, JD
Collins, JM  Combet, GI
Crean, SF  Danby, M
D'Ath, YM  Dreyfus, MA
Elliot, MJ  Ellis, KM
Emerson, CA  Ferguson, LDT
Ferguson, MJ  Fitzgibbon, JA
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Gibbons, SW  Gillard, JE
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Mitchell, RG  Murphy, JP
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O' Connor, BPJ  O' Neill, DM
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Perrett, GD  Pilbersek, TJ
Ripoll, BF  Rishworth, AL
Rowland, MA  Roxon, NL
Rudd, KM  Saffin, JA
Shorten, WR  Sidebottom, PS
Smith, SF  Smyth, L
Snowdon, WE  Swan, WM
Symon, MS  Thomson, CR
Vamvakianou, M  Wilkie, AD
Windsor, AHC  Zappia, A

PAIRS

McClelland, RB  Haase, BW
Melham, D  Somlyay, AM
Thomson, KJ  Ciobo, SM

Question agreed to.

Bill read a third time.

Minerals Resource Rent Tax
(Consequential Amendments and
Transitional Provisions) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.

The House divided. [1:44]

(The Speaker—Mr Harry Jenkins)

Ayes...............72
Noes...............70
Majority............2

AYES

Adams, DGH  Albanese, AN
Bandt, AP  Bird, SL
Bowen, CE  Bradbury, DJ
Brodie, G  Burke, AE
Burke, AS  Butler, MC
Byrne, AM  Champion, ND

NOES

Abbott, AJ  Alexander, JG
Andrews, KJ  Andrews, KL
Baldwin, RC  Billson, BF
Bishop, BK  Bishop, JI
Briggs, JE  Broadbent, RE
Buchholz, S  Chester, D
Christensen, GR  Cobb, JK
Coulton, M (teller)  Crook, AJ
Dutton, PC  Entsche, WG
Fletcher, PW  Forrest, JA
Frydenberg, JA  Gambaro, T
Gash, J  Griggs, NL
Hartley, L  Hawke, AG
Hockey, JB  Hunt, GA
Irons, SJ  Jensen, DG
Jones, ET  Katter, RC
Keenan, M  Kelly, C
Kean, A  Ley, SP
Macfarlane, IE  Marino, NB
Markus, LE  Matheson, RG

CHAMBER
Question agreed to.
Bill read a second time.

Third Reading

Mr SWAN: by leave—I move:
That this bill be now read a third time.

Question put.
The House divided. [1:48]

(The Speaker—Mr Harry Jenkins)

Ayes.................72
Noes..................70
Majority.............2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodman, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR

AYES

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S

NOES

Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BP
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vanvakinou, M
Windsor, AHC

Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husie, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Piliberski, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Andrews, KL
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartley, K
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Roy, WB
Ruddock, PM
Question agreed to.

Bill read a third time.

Minerals Resource Rent Tax
(Imposition—General) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to on 2 November 2011, I put the question that this bill be now read a second time.

The House divided. [01:50]

(The Speaker—Mr Harry Jenkins)

Ayes....................72
Noes,....................70
Majority...................2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakas, M
Windsor, AHC

NOES

Scotté, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX
Seeker, PD (teller)
Slipper, PN
Southcott, AJ
Tudge, AE
Van Manen, AJ
Wyatt, KG
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakas, M
Windsor, AHC

AYES

Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Andrews, KL
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Raddoch, PM
Scott, BC
Simpkins, LXL

CHAMBER
Question agreed to.
Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr CROOK (O'Connor) (01:52): by leave—I move amendments (1), (3) and (4) as circulated in my name together:

(1) Clause 4, page 2 (line 9), omit "Extraction factor", substitute "(extraction factor + emerging miner factor)".

(3) Clause 4, page 2 (after line 10), before the definition of extraction factor, insert:
emerging miner factor is:
(a) where the group production of taxable resources for the miner for a year is less than 10 million tonnes—75%; or
(b) otherwise—nil.

(4) Clause 4, page 2 (after line 11), after the definition of extraction factor, insert:
group production of taxable resources has the meaning given by section 175-15 of the Minerals Resource Rent Tax Act 2011.

Following lengthy consultations with industry and expert accountants, I seek to amend the MRRT imposition bills so that emerging miners do not pay any MRRT. This is done by creating a special emerging miner MRRT rate. This MRRT rate is determined by an emerging miner factor, which, when added to the existing extraction factor, reduces the MRRT rate to nil.

The emerging miner factor applies to miners where the group production of taxable resources for the miner for the year is less than 10 million tonnes. The government already acknowledges emerging miners to be those with less than 10 million tonnes production in the alternative valuation method, safe harbour provision, division No. 175. Although this relates to valuation methods and not liability, this safe harbour concept has merit to be used as a threshold at which to trigger the MRRT.

The government has confirmed that the $50 million profit threshold has no real policy basis. After industry consultation we have determined that a 10 million tonne per annum safe harbour is a more appropriate trigger to apply economic rent and appropriate demarcation between emerging miners and mature, established miners. This will protect small, emerging miners by reasonably excusing them from the liability under the MRRT. Question put:

Question put.
The House divided. [01:58]

AYES
Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Alexander, JG
Andrews, KL
Billson, BF
Bishop, JI
Broadbent, RE
Chester, D
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambaro, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
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AYES

Markus, LE            Matheson, RG
McCormack, MF         Mirabella, S
Morrison, SJ          Moylan, JE
Neville, PC           O'Dowd, KD
O'Dwyer, KM           Prentice, J
Pyne, CM              Ramsey, RE
Randall, DJ           Robb, AJ
Robert, SR            Roy, WB
Ruddock, PM           Schultz, AJ
Scott, BC             Seeker, PD (teller)
Simpkins, LXL         Slipper, PN
Smith, ADH            Southcott, AJ
Stone, SN             Tehan, DT
Truss, WE             Tudge, AE
Turnbull, MB          Van Manen, AJ
Vasta, RX             Wyatt, KG

NOES

Adams, DGH            Albanese, AN
Bandt, AP             Bird, SL
Bowen, CE             Bradbury, DJ
Brodman, G            Burke, AE
Burke, AS             Butler, MC
Byrne, AM             Champion, ND
Cheeseman, DL         Clare, JD
Collins, JM           Combet, GI
Crean, SF             Danby, M
D'Ath, YM             Dreyfus, MA
Elliot, MJ            Ellis, KM
Emerson, CA           Ferguson, LDT
Ferguson, MJ          Fitzgibbon, JA
Garrett, PR           Georganas, S
Gibbons, SW           Gillard, JE
Gray, G               Grier, RJ
Griffin, AP           Hall, JG (teller)
Hayes, CP             Husic, EN (teller)
Jones, SP             Kelly, MJ
King, CF              Leigh, AK
Livermore, KF         Lyons, GR
Macklin, JL           Marles, RD
Mitchell, RG          Murphy, JP
Neumann, SK           Oakeshott, RJM
O'Connor, BPJ         O'Neil, DM
Owens, J              Parke, M
Perrett, GD           Plibersek, TJ
Ripoll, BF            Rishworth, AL
Rowland, MA           Roxon, NL
Rudd, KM              Saffin, JA
Shorten, WR           Sidebottom, PS
Smith, SF             Smyth, L
Snowdon, WE           Swan, WM
Symon, MS             Thomson, CR

NOES

Vamvakinou, M         Wilkie, AD
Windsor, AHC          Zappia, A

PAIRS

Ciobo, SM             Thomson, KJ
Haase, BW             McClelland, RB
Somiay, AM            Melham, D

Question negatived.

Mr CROOK (O'Connor) (01:59): by leave—I move:
(2) Clause 4, page 2 (line 8), before "The", insert "(1)".
(5) Clause 4, page 2 (after line 11), at the end of the clause, add:

(2) However, notwithstanding subsection (1), the MRRT rate for an MRRT year (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource (as defined by the Minerals Resource Rent Tax Act 2011) shall not exceed a benchmark rate, which shall for each *MRRT year be a rate that is calculated by reference to a formula or formulas, to be prescribed by regulations, to be applied to a mature miner (as defined by the Minerals Resource Rent Tax Act 2011) having the highest *MRRT liability (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource in the *MRRT year so that the relevant formulas determine a benchmark rate for each taxable resource as a percentage, in the *MRRT year, that that miner's MRRT liability in that year bears to that miner's mining tax profit (as defined by the Minerals Resource Rent Tax Act 2011).

These amendments seek to ensure that smaller miners do not pay a higher rate of MRRT than the mature established miners. These additions to the impositions bill will ensure that the highest MRRT liability for the mature miners will act as a benchmark rate for all other miners. The benchmark rate will be determined as a percentage, in the MRRT year, that that miner's MRRT liability in that year bears to that miner's mining tax profit.
profit. The terms in this section refer to the definitions of the MRRT bill. This includes my proposed definition of mature miner as a miner whose group production and taxable resources for the MRRT year has exceed 40 million tonnes.

The SPEAKER: A division is required. I would think, given that nobody left the chamber—and without it being a precedent—I will ring the bells for one minute and count this as a division under those provisions.

Question put.

The House divided. [02:02]

(The Speaker—Mr Harry Jenkins)

Ayes.......................70
Noes.......................72
Majority..............2

AYES
Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL

AYES
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

NOES
Adams, DGH
Bandt, AP
Bowen, CE
Brodkmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Creean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvak inocu, M
Windsor, AHC

PAIRS
Ciobo, SM
Haase, BW
Somlyay, AM

Question negatived.
The **SPEAKER**: The question now is that the bill be agreed to.

Question put.

The House divided. [02:04]

(The Speaker—Mr Harry Jenkins)

Ayes...............72
Noes....................70
Majority.............2

**AYES**

Adams, DGH
Bandt, AP
Bowen, CE
Brookman, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Van Vakninou, M
Windsor, AHC

**NOES**

Bishop, BK
Briggs, JE
Bachholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McMorrow, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

**PAIRS**

McClelland, RB
Melham, D
Thomson, KJ

Question agreed to.

Bill agreed to.

**Third Reading**

*Mr SWAN*: by leave—I move:

That this bill be now read a third time.

Question put.
The House divided. [02:07]

(The Speaker—Mr Harry Jenkins)

Ayes..................... 72
Noes..................... 70
Majority................ 2

AYES
Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D'Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O'Connell, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M
Windsor, AHC

NOES
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartshuyler, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, IE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

Dent, WC
Forrest, JA
Gambharo, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Slipper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Watt, KG

PAIRS
McClelland, RB
Melham, D
Thomson, KJ

Haase, BW
Somlyay, AM
Ciobo, SM

Question agreed to.

Bill read a third time.

Minerals Resource Rent Tax (Imposition—Customs) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.
The House divided. [02:10]

(The Speaker—Mr Harry Jenkins)

Ayes.............72
Noes................70
Majority.............2

**AYES**

- Adams, DGH
- Bandt, AP
- Bowen, CE
- Brodman, G
- Burke, AS
- Byrne, AM
- Cheeseman, DL
- Collins, JM
- Crean, SF
- D’Ath, YM
- Elliot, MJ
- Emerson, CA
- Ferguson, MJ
- Garrett, PR
- Gibbons, SW
- Gray, G
- Griffin, AP
- Hayes, CP
- Jones, SP
- King, CF
- Livermore, KF
- Macklin, JL
- Mitchell, RG
- Neumann, SK
- O’Connor, BPJ
- Owens, J
- Perrett, GD
- Ripoll, BF
- Rowland, MA
- Rudd, KM
- Shorten, WR
- Smith, SF
- Snowden, WE
- Symon, MS
- Vamvakinou, M
- Windsor, AHC

- Albanese, AN
- Bird, SL
- Bradbury, DJ
- Burke, AE
- Butler, MC
- Champion, ND
- Clare, JD
- Combet, GI
- Danby, M
- Dreyfiss, MA
- Ellis, KM
- Ferguson, LDT
- Fitzgibbon, JA
- Georganas, S
- Gillard, JE
- Grier, SJ
- Hall, JG (teller)
- Husic, EN (teller)
- Kelly, MJ
- Leigh, AK
- Lyons, GR
- Marles, RD
- Murphy, JP
- Oakeshott, RJM
- O’Neill, DM
- Parke, M
- Piibersek, TJ
- Roxon, NL
- Saffin, JA
- Sidebottom, PS
- Smyth, L
- Swan, WM
- Thomson, CR
- Wilkie, AD
- Zappia, A

**NOES**

- Abbott, AJ
- Andrews, KJ
- Baldwin, RC
- Bishop, BK
- Briggs, JE
- Buchholz, S
- Christensen, GR
- Coulton, M (teller)
- Dutton, PC
- Fletcher, PW
- Frydenberg, JA
- Gash, J
- Hartsuyker, L
- Hockey, JB
- Irons, SJ
- Jones, ET
- Keenan, M
- Laming, A
- Macfarlane, IE
- Markus, LE
- McCormack, MF
- Morrison, SJ
- Neville, PC
- O’Dwyer, KM
- Pyne, CM
- Randall, DJ
- Robert, SR
- Ruddock, PM
- Scott, BC
- Simpkins, LXL
- Smith, ADH
- Stone, SN
- Truss, WE
- Turnbull, MB
- Vasta, RX
- Entsch, WG
- Forrest, JA
- Gambilaro, T
- Griggs, NL
- Hawke, AG
- Hunt, GA
- Jensen, DG
- Katter, RC
- Kelly, C
- Ley, SP
- Marino, NB
- Matheson, RG
- Mirabella, S
- Moynan, JE
- O’Dowd, KD
- Prentice, J
- Ramsey, RE
- Robb, AJ
- Roy, WB
- Schultz, AJ
- Secker, PD (teller)
- Slipper, PN
- Southcott, AJ
- Tehan, DT
- Tudge, AE
- Van Manen, AJ
- Wyatt, KG

**PAIRS**

- McClelland, RB
- Melham, D
- Thomson, KJ
- Haase, BW
- Somlyay, AM
- Ciobo, SM

Question agreed to.

Bill read a second time.

**Consideration in Detail**

Bill—by leave—taken as a whole.

Mr CROOK (O’Connor) (02:11): by leave—I move amendments (1), (3) and (4) as circulated in my name together:

1. Clause 4, page 2 (line 9), omit "Extraction factor", substitute "(extraction factor + emerging miner factor)".
2. Clause 4, page 2 (after line 10), before the definition of extraction factor, insert:
emerging miner factor is:
(a) where the group production of taxable resources for the miner for a year is less than 10 million tonnes—75%; or
(b) otherwise—nil.

(4) Clause 4, page 2 (after line 11), after the definition of extraction factor, insert:

emerging miner factor has the meaning given by section 175-15 of the Minerals Resource Rent Tax Act 2011.

The intent of these amendments is the same as that of my amendments to the previous bill. In light of this, I do not propose to speak to these amendments. Members can take note of my comments in relation to the previous bill.

Question negatived.

Mr CROOK (O'Connor) (02:12): by leave—I move amendments (2) and (5) as circulated in my name together:

(2) Clause 4, page 2 (line 8), before "The", insert "(1)".

(5) Clause 4, page 2 (after line 11), at the end of the clause, add:

(2) However, notwithstanding subsection (1), the MRRT rate for an MRRT year (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource (as defined by the Minerals Resource Rent Tax Act 2011) shall not exceed a benchmark rate, which shall for each MRRT year be a rate that is calculated by reference to a formula or formulas, to be prescribed by regulations, to be applied to a mature miner (as defined by the Minerals Resource Rent Tax Act 2011) having the highest MRRT liability (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource in the MRRT year so that the relevant formulas determine a benchmark rate for each taxable resource as a percentage, in the MRRT year, that miner's MRRT liability in that year bears to that miner's mining tax profit (as defined by the Minerals Resource Rent Tax Act 2011).

As with previous amendments, these have the same intent as amendments to the previous bill and I refer members to those comments.

Question negatived.

The SPEAKER: The question now is that the bill be agreed to. Is a division required? If it would suit the convenience of the House, I will allow the bells to be run for one minute. Again, I indicate that this should not be taken as a significant precedent for other matters.

Question put.

The House divided. [02:15]

(Ayes 72, Noes 70, Majority 2)

AYES

Adams, DGH
Albanese, AN
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D'Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O'Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakeshott, RJM
O'Neill, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
AYES

Symon, MS  Thomson, CR
Vamvakinou, M  Wilkie, AD
Windsor, AHC  Zappia, A

NOES

Abbott, AJ  Alexander, JG
Andrews, KJ  Andrews, KL
Baldwin, RC  Billson, BF
Bishop, BK  Bishop, JI
Briggs, JE  Broadbent, RE
Buchholz, S  Chester, D
Christensen, GR  Cobb, JK
Coultan, M (teller)  Crook, AJ
Dutton, PC  Entsch, WG
Fletcher, PW  Forrest, JA
Frydenberg, JA  Griggs, NL
Gasch, J  Haeke, AG
Hartsuyker, L  Hockey, JB
Hockey, JB  Hunt, GA
Irons, SJ  Jensen, DG
Jones, ET  Katter, RC
Keenan, M  Kelly, C
Laming, A  Ley, SP
Macfarlane, IE  Marino, NB
Markus, LE  Matheson, RG
McCormack, MF  Mirabella, S
Morrison, SJ  Moylan, JE
Neville, PC  O'Dowd, KD
O'Dwyer, KM  Prentice, J
Pyne, CM  Ramsey, RE
Randall, DJ  Robb, AJ
Robert, SR  Roy, WB
Ruddock, PM  Schultz, AJ
Scott, BC  Secker, PD (teller)
Simpkins, LXL  Slipper, PN
Smith, ADH  Southcott, AJ
Stone, SN  Tehan, DT
Truss, WE  Tudge, AE
Turnbull, MB  Van Manen, AJ
Vasta, RX  Wyatt, KG

PAIRS

McClelland, RB  Haase, BW
Melham, D  Somilayan, AM
Thomson, KJ  Ciobo, SM

Question agreed to.

Bill agreed to.

Third Reading

Mr SWAN: by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [2:17]

(The Speaker—Mr Harry Jenkins)

Ayes .................... 72
Noes ..................... 70
Majority .................. 2

AYES

Adams, DGH  Albanese, AN
Bandt, AP  Bird, SL
Bowen, CE  Bradbury, DJ
Brodmann, G  Burke, AE
Burke, AS  Butler, MC
Byrne, AM  Champion, ND
Cheeseeman, DL  Clare, JD
Collins, JM  Combet, GI
Crean, SF  Danby, M
D'Ath, YM  Dreyfus, MA
Elliot, MJ  Ellis, KM
Emerson, CA  Ferguson, LDT
Ferguson, MJ  Fitzgibbon, JA
Garrett, PR  Georganas, S
Gibbons, SW  Gillard, JE
Gray, G  Grier, SJ
Griffin, AP  Hall, JG (teller)
Hayes, CP  Hislop, EN (teller)
Jones, SP  Kelly, MJ
King, CF  Leigh, AK
Livermore, KF  Lyons, GR
Macklin, JL  Marles, RD
Mitchell, RG  Murphy, JP
Neumann, SK  Oakeshott, RJM
O'Connor, BPJ  O'Neil, DM
Owens, J  Parke, M
Perron, GD  Pibersek, TJ
Ripoll, BF  Rishworth, AL
Rowland, MA  Roxon, NL
Rudd, KM  Saffin, JA
Shorten, WR  Sidebottom, PS
Smith, SF  Smyth, L
Snowdon, WE  Swan, WM
Symon, MS  Thomson, CR
Vamvakinou, M  Wilkie, AD
Windsor, AHC  Zappia, A

NOES

Abbott, AJ  Alexander, JG
Andrews, KJ  Andrews, KL

CHAMBER
now put the question that this bill be now read a second time.

The House divided. [02:19]

(The Speaker—Mr Jenkins)

Ayes ....................... 72
Noes ........................ 70
Majority ................. 2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakion, M
Windsor, AHC

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE

Σ

CHAMBER
Tuesday, 22 November 2011

House of Representatives

13443

Mr CROOK (O'Connor) (02:21): by leave—I move amendments (1), (3) and (4) as circulated in my name:

(1) Clause 4, page 2 (line 9), omit "Extraction factor", substitute "(extraction factor + emerging miner factor)".

(3) Clause 4, page 2 (after line 10), before the definition of extraction factor, insert:

emerging miner factor is:

(a) where the group production of taxable resources for the miner for a year is less than 10 million tonnes—75%; or

(b) otherwise—nil.

(4) Clause 4, page 2 (after line 11), after the definition of extraction factor, insert:

group production of taxable resources has the meaning given by section 175-15 of the Minerals Resource Rent Tax Act 2011.

The intent of these amendments is the same as for the amendments to the Minerals Resource Rent Tax (Imposition—General) Bill 2011, and I refer members to my comments on that bill.

Question negatived.

Mr CROOK (O'Connor) (02:22): by leave—I move amendments (2) and (5) as circulated in my name:

(2) Clause 4, page 2 (line 8), before "The", insert "(1)."

(5) Clause 4, page 2 (after line 11), at the end of the clause, add:

However, notwithstanding subsection (1), the MRRT rate for an MRRT year (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource (as defined by the Minerals Resource Rent Tax Act 2011) shall not exceed a benchmark rate, which shall for each *MRRT year be a rate that is calculated by reference to a formula or formulas, to be prescribed by regulations, to be applied to a mature miner (as defined by the Minerals Resource Rent Tax Act 2011) having the highest *MRRT liability (as defined by the Minerals Resource Rent Tax Act 2011) for each taxable resource in the *MRRT year so that the relevant formulas determine a benchmark rate for each taxable resource as a percentage, in the *MRRT year, that that miner's mining tax profit (as defined by the Minerals Resource Rent Tax Act 2011).

As with previous amendments, these amendments have the same intent as the amendments in the previous bill and I refer members to my comments on that bill. As it
is now well and truly 23 November, I would like to take the opportunity to wish my wife a very happy birthday.

The SPEAKER: I am sure that members are not overwhelmed in being in your company at this time but join with you in your grateful wishes for a very happy day for your wife.

Question negatived.

The SPEAKER: The question now is that the bill be agreed to.

A division having been called and the bells being rung—

Honourable members interjecting—

The SPEAKER: Order! It is still the sitting of the 22nd and anybody who was warned on the 22nd remains warned!

Question put.

The House divided. [02:24]

(The Speaker—Mr Harry Jenkins)

Ayes....................72
Noes.....................70
Majority................2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore,KF
Macklin, JL
Mitchell, RG

Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakikou, M
Windsor, AHC

AYES

Oakeshott, RJM
O’Neill, DM
Parke, M
Plibersek, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

(Chamber)
Tuesday, 22 November 2011  HOUSE OF REPRESENTATIVES  13445

PAIRS
McClelland, RB  Haase, BW
Melham, D  Somlyay, AM
Thomson, KJ  Ciobo, SM

Question agreed to.
Bill agreed to.

Third Reading

Mr SWAN: by leave—I move:
That this bill be now read a third time.

Question put.
The House divided. [02:27]
(The Speaker—Mr Harry Jenkins)

Ayes ....................... 72
Noes ....................... 70
Majority ................ 2

AYES
Adams, DGH
Albanese, AN
Bandt, AP
Bird, SL
Bowen, CE
Bradbury, DJ
Brodman, G
Burke, AE
Byrne, AM
Butler, MC
Cheeseman, DL
Clare, JD
Collins, JM
Combat, GI
Crean, SF
Danby, M
D'Ath, YM
Dreyfus, MA
Elliot, MJ
Ellis, KM
Emerson, CA
Ferguson, LTD
Ferguson, MJ
Fitzgibbon, JA
Garrett, PR
Georganas, S
Gibbons, SW
Gillard, JE
Gray, G
Grierson, SJ
Griffin, AP
Hall, JJ(teller)
Hayes, CP
Husic, EN(teller)
Jones, SP
Kelly, MJ
King, CF
Leigh, AK
Livermore,KF
Lyons, GR
Macklin, JL
Marles, RD
Mitchell, RG
Murphy, JP
Neumann, SK
Oakeshott, RJM
O'Connor, BPJ
O'Neill, DM
Owens, J
Parke, M
Perrett, GD
Plibersek, TJ
Ripoll, BF
Rishworth, AL
Rowland, MA
Roxon, NL
Rudd, KM
Saffin, JA
Shorten, WR
Sidebottom, PS
Smith, SF
Smyth, L
Snowdon, WE
Swan, WM

AYES
Symon, MS
Vamvakou, M
Windsor, AHC

Thomson, CR
Wilkie, AD
Zappia, A

NOES
Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BJ
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M(teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O'Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

AYES
Alexander, JG
Andrews, KL
Billson, BJ
Broadbent, RE
Chester, D
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambano, T
Griggs, NL
Hawke, AG
Hunt, GA
Iorns, SJ
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O'Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD(teller)
Slipper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS
McClelland, RB  Haase, BW
Melham, D  Somlyay, AM
Thomson, KJ  Ciobo, SM

Question agreed to.
Bill read a third time.
Petroleum Resource Rent Tax (Impostion—General) Bill 2011
Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.

The House divided. [02:29]

(The Speaker—Mr Harry Jenkins)

Ayes....................... 72
Noes....................... 70
Majority.................. 2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brumby, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliott, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakou, M

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georginas, S
Gillard, JE
Grierson, SJ
Hall, JC (teller)
Husie, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakshott, RJM
O’Neill, DM
Parke, M
Pilbersen, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD

AYES

Windsor, AHC
Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

Alexander, JG
Andrews, KL
Billson, BF
Bishop, JI
Broadbent, RE
Cobb, JK
Crook, AJ
Entsch, WG
Forrest, JA
Gambbaro, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Sliper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS

McClelland, RB
Melham, D
Thomson, KJ

Haase, BW
Somlyay, AM
Ciobo, SM

Question agreed to.

Bill read a second time.
Mr SWAN: by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [02:31]

(The Speaker—Mr Harry Jenkins)

Ayes.................72
Noes.................70

Majority............2

AYES

Adams, DGH
Bandt, AP
Bowe, CE
Brodman, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakou, M
Windsor, AHC

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakeshott, RJM
O’Neill, DM
Parke, M
Pilberske, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD
Zappia, A

NOES

Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

Billson, BF
Bishop, JI
Broadbelt, RE
Chester, D
Cobb, IK
Crook, AJ
Dussch, WG
Forrest, JA
Gambato, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Slipper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS

McClelland, RB
Melham, D
Thomson, KJ

Question agreed to.

Bill read a third time.
Petroleum Resource Rent Tax (Imposition—Customs) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

The SPEAKER: Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.

The House divided. [02:34]

(The Speaker—Mr Harry Jenkins)

Ayes.................72

Noes.................70

Majority.............2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M

Albanese, AN
Bird, SL
Bradbury, DJ
Burke, AE
Butler, MC
Champion, ND
Clare, JD
Combet, GI
Danby, M
Dreyfus, MA
Ellis, KM
Ferguson, LDT
Fitzgibbon, JA
Georganas, S
Gillard, JE
Grierson, SJ
Hall, JG (teller)
Husic, EN (teller)
Kelly, MJ
Leigh, AK
Lyons, GR
Marles, RD
Murphy, JP
Oakshott, RJM
O’Neill, DM
Parke, M
Plibereck, TJ
Rishworth, AL
Roxon, NL
Saffin, JA
Sidebottom, PS
Smyth, L
Swan, WM
Thomson, CR
Wilkie, AD

AYES

Windsor, AHC

Zappia, A

NOES

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartseyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

NOES

Alexander, JG
Andrews, KL
Billson, BF
Bishop, JI
Broadbent, RE
Cobb, JK
Crock, AJ
Entsch, WG
Forrest, JA
Gambaro, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Slipper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS

McClelland, RB
Melham, D
Thomson, KJ

Haase, BW
Somlyay, AM
Ciobo, SM

Question agreed to.

Bill read a second time.

Third Reading

Mr SWAN: by leave—I move:

That this bill be now read a third time.
Question put.
The House divided. [02:36]
(The Speaker—Mr Harry Jenkins)

Ayes....................... 72
Noes....................... 70
Majority....................2

AYES
Adams, DGH
Bandt, AP
Bowen, CE
Brodman, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vanimanou, M
Windsor, AHC

NOES
Christensen, GR
Coulton, M (teller)
Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Harsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keepen, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

NOES
Abbott, AJ
Andrews, KJ
Baldwin, RC
Bishop, BK
Briggs, JE
Buchholz, S

NOES
Alexander, JG
Andres, KL
Billson, BF
Bishop, JJ
Broadbent, RE
Chester, D

PAIRS
McClelland, RB
Melham, D
Somlyay, AM
Thomson, KJ

Ciobo, SM

Question agreed to.
Bill read a third time.

Petroleum Resource Rent Tax (Imposition—Excise) Bill 2011
Second Reading
Debate resumed on the motion:
That this bill be now read a second time.

The SPEAKER: Order! Pursuant to the resolution agreed to on 2 November 2011, I now put the question that this bill be now read a second time.
The House divided. [02:38]

(The Speaker—Mr Harry Jenkins)

Ayes..........................72
Noes............................70
Majority......................2

AYES

Adams, DGH
Bandt, AP
Bowen, CE
Bradtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Alth, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M
Windsor, AHC

NOES

Dutton, PC
Fletcher, PW
Frydenberg, JA
Gash, J
Hartsuyker, L
Hockey, JB
Irons, SJ
Jones, ET
Keenan, M
Laming, A
Macfarlane, IE
Markus, IE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

NOES

Entsch, WG
Forrest, JA
Gambaro, T
Griggs, NL
Hawke, AG
Hunt, GA
Jensen, DG
Katter, RC
Kelly, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Sliper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS

McClelland, RB
Haase, BW
Melham, D
Somlyay, AM
Thomson, KJ
Ciobo, SM

Question agreed to.

Bill read a second time.

Third Reading

Mr SWAN: by leave—I move:

That this bill be now read a third time.

Question put.

The House divided. [02:41]

(The Speaker—Mr Harry Jenkins)

Ayes ...............72
Noes ....................70
Majority..............2

AYES

Adams, DGH
Bandt, AP

NOES

Albanese, AN
Bird, SL.
Tuesday, 22 November 2011

HOUSE OF REPRESENTATIVES

AYES

Bowen, CE
Brodtmann, G
Burke, AS
Byrne, AM
Cheeseman, DL
Collins, JM
Crean, SF
D’Ath, YM
Elliot, MJ
Emerson, CA
Ferguson, MJ
Garrett, PR
Gibbons, SW
Gray, G
Griffin, AP
Hayes, CP
Jones, SP
King, CF
Livermore, KF
Macklin, JL
Mitchell, RG
Neumann, SK
O’Connor, BPJ
Owens, J
Perrett, GD
Ripoll, BF
Rowland, MA
Rudd, KM
Shorten, WR
Smith, SF
Snowdon, WE
Symon, MS
Vamvakinou, M
Windsor, AHC

NOES

Keenan, M
Laming, A
Macfarlane, IE
Markus, LE
McCormack, MF
Morrison, SJ
Neville, PC
O’Dwyer, KM
Pyne, CM
Randall, DJ
Robert, SR
Ruddock, PM
Scott, BC
Simpkins, LXL
Smith, ADH
Stone, SN
Truss, WE
Turnbull, MB
Vasta, RX

Keely, C
Ley, SP
Marino, NB
Matheson, RG
Mirabella, S
Moylan, JE
O’Dowd, KD
Prentice, J
Ramsey, RE
Robb, AJ
Roy, WB
Schultz, AJ
Secker, PD (teller)
Sliper, PN
Southcott, AJ
Tehan, DT
Tudge, AE
Van Manen, AJ
Wyatt, KG

PAIRS

McClelland, RB
Melham, D
Somlyay, AM
Thomson, KJ

Mr ALBANESE: The parliament now having passed 250 pieces of legislation, I move:

That the House do now adjourn.

Question agreed to.

Bill read a third time.

ADJOURNMENT

Mr ALBANESE: The parliament now having passed 250 pieces of legislation, I move:

That the House do now adjourn.

Question agreed to.

House adjourned at 02:42 (Wednesday)

NOTICES

Mr ALBANESE: to present a bill for an act to make provision in relation to remuneration-related matters to improve safety in the road transport industry, and for related purposes.

Mr ALBANESE: to present a bill for an act to make consequential amendments and provide for other matters in connection with the Road Safety Remuneration Act 2011, and for related purposes.
Ms MACKLIN: to present a bill for an act to build stronger futures for Aboriginal people in the Northern Territory, and for related purposes.

Ms MACKLIN: to present a bill for an act to amend laws, and deal with transitional matters, in connection with the *Stronger Futures in the Northern Territory Act 2011*, and for related purposes.

Mr BRENDAN O’CONNOR: to present a bill for an act to amend various acts relating to the enforcement of the criminal law, and for other purposes.

Mr BRENDAN O’CONNOR: to present a bill for an act to amend the *Customs Act 1901*, and for related purposes.

Mr BRENDAN O’CONNOR: to present a bill for an act to amend the law relating to courts and tribunals, and for related purposes.

Mr BRENDAN O’CONNOR: to present a bill for an act to implement aspects of the *International Convention for the Suppression of Acts of Nuclear Terrorism*, and for other purposes.

Mr BURKE: to present a bill for an act to amend the *Antarctic Treaty (Environment Protection) Act 1980*, and for other purposes.

Mr GARRETT: to present a bill for an act to amend the law relating to social security, and for related purposes.

Mr GARRETT: to present a bill for an act to amend the *Australian Research Council Act 2001*, and for related purposes.

Mr SHORTEN: to present a bill for an act to amend the *Excise Act 1901*, and for other purposes.

Mr SHORTEN: to present a bill for an act to amend the *Insurance Contracts Act 1984*, and for related purposes.

Mr GRAY: to present a bill for an act to amend the law relating to elections and referendums, and for related purposes.

Dr MIKE KELLY: to present a bill for an act to combat illegal logging, and for related purposes.

Ms ROXON: to present a bill for an act to amend the *National Health Act 1953*, and for related purposes.

Ms ROXON: to present a bill for an act to provide for a system of access to electronic health records, and for related purposes.

Ms ROXON: to present a bill for an act to make amendments consequential on the enactment of the *Personally Controlled Electronic Health Records Act 2011*, and for related purposes.

Mr CREAN: to move:

That, in accordance with section 5 of the *Parliament Act 1974*, the House approves the following proposals for works in the Parliamentary Zone which were presented to the House on 21 November 2011, namely:

High Court of Australia south western forecourt landscape works, and installation of a raised concrete bench seat at the southern end of the Ceremonial Ramp at the entrance to the High Court of Australia.
Tuesday, 22 November 2011

The DEPUTY SPEAKER (Mrs D’Ath) took the chair at 16:00.

CONSTITUENCY STATEMENTS

Deakin Electorate: Primary Care Infrastructure Program

Mr SYMON (Deakin) (16:00): Last Friday, 18 November, I attended the East Ringwood Clinic to announce a $150,000 grant for new capital works under the federal government's Primary Care Infrastructure Grants program. This grant will help East Ringwood Clinic to expand the number of consulting rooms and to update a pretty tired old building. I met with Dr Dilip Hoole, the director of GP services at the clinic, who has been a driver in the quest for the upgrade. The practice itself dates from the 1950s and originally was converted from a house which appears to be much older than that. It has small rooms and a steep staircase, and the entrance is a walk down a narrow side alley as the front steps are not accessible to many people. The clinic currently has four consulting rooms on the ground floor, with a treatment room up the steep internal stairs, which are a major challenge for many of the older clients and injured patients who visit the clinic.

This $150,000 grant is very good value for money for the Commonwealth, especially when it is added to $120,000 of the clinic's money. The clinic's consulting rooms will be increased from four to six, enabling the clinic to employ an additional two full-time GPs. This measure is expected to enable the clinic to treat up to an additional 2,000 patients per year. The treatment room and pathology lab will be moved downstairs, making it easier for the elderly to access these services. The upstairs area will be renovated to house the administrative sections of the clinic and establish two new psychology rooms. Most importantly, the front entrance will be improved by removing steps and installing a ramp for easier access.

Another clinic in the Deakin electorate will receive a $300,000 grant to help extend their clinic—that is, Sheehans Medical Centre in Blackburn South. Sheehans Medical Centre has purchased a property next door and for two years has been planning to demolish the house to build a car park. The lack of a car park has restricted the ability to expand the clinic as council guidelines require four car parking spaces per practitioner. With the grant, the clinic will demolish the house and build new consulting rooms once the car park is finished. The permits are through, and the building works are ready to commence as soon as the demolition is done and funding is approved. The new car park will now cater to around 17 car spaces, allowing the clinic to add new rooms and extra practitioners. This is important because a local clinic recently closed in the area and the surrounding area has three large nursing homes that the clinic services. The demand for the clinic is such that at present they are full and have a large waiting list, which is common to many practices in my electorate.

I commend the Primary Care Infrastructure Grants program. It helps local clinics expand their operations and deliver expanded GP services where families need them, not only in my electorate of Deakin but right across Australia.

Stirling Electorate: Reid Highway Overpass

Mr KEENAN (Stirling) (16:02): It is my pleasure today to inform the House about a major win for my electorate of Stirling. On 12 November, the Liberal state Minister for Transport, the Hon. Troy Buswell, officially opened the Reid Highway-Mirrabooka Avenue

MAIN COMMITTEE
overpass. I have been campaigning for the construction of this overpass since my election in 2004, and indeed beforehand, and it is a pleasure finally to see it completed. Hundreds of local families had expressed to me their concerns about this notorious black spot and that is why I continuously fought for it to be fixed. Before the construction of the overpass, the intersection was rated as one of Western Australia’s worst crash zones, and that is why it has been a project worth fighting for. The notorious black spot hosted 400 crashes, with four fatalities, over the previous decade. The intersection carries approximately 60,000 vehicles a day, and the overpass will now improve both time efficiency and safety for those who use it.

I commend the work of the state Liberal government which fully financed this $30 million project. It is of deep concern to me that there was no federal government contribution to it. My constituents have been promised in every state and federal election since 2004 by both the state and the federal Labor Party that they would make a contribution to this overpass. Sadly, nothing has been forthcoming. The previous state Liberal opposition recognised this problem area and they addressed the issue within two years of their election. By contrast, the previous state Labor government promised the people in Stirling in 2004 and again in 2005 that they would fix the problem, but they never delivered on this promise.

The opening of the long-awaited and long-overdue overpass will greatly enhance the safety of all users of the Reid Highway, and I will continue to fight for improved infrastructure on Stirling roads and ensure the safety of all of my constituents in Stirling. That overpass comes on the back of the opening of the Reid Highway-Alexander Drive overpass, which was completed through contributions from both the state and the federal governments. That overpass was opened some eight months ago, and I congratulate the Minister for Transport, Troy Buswell, on seamlessly moving workers in the construction crew onto the overpass at Mirrabooka Avenue and on the subsequent cost savings associated with completing those two very important projects.

Road infrastructure is vitally important for improving efficiency, for allowing people in Stirling to get about the electorate and to get in and out of town as quickly and as seamlessly as possible. The completion of this much needed overpass and the earlier much needed overpass at Alexander Drive is of great importance to the people of Stirling. I commend the state government for completing them. (Time expired)

Holt Electorate: Community Awards

Mr BYRNE (Holt) (16:04): I rise today to inform the House about two upcoming events that I am proud to host in my electorate. The first is the 2011 Community Spirit and Leadership Awards, to be held on Monday, 5 December, and the second is the 2012 Holt Australia Day Awards. This year marks the 10th anniversary of the Community Spirit and Leadership Awards. It is an amazing community event.

It is very difficult to describe the feeling amongst the community when representatives from up to 55 schools come to celebrate this event, which up to 300 people can attend. For this event, I ask schools to nominate one particular student. That one student embodies what it means to contribute to the overall life of the school community. It says a lot about the quality of the schools involved that they send exceptional students. For example, one of the award recipients last year helped plan and organise a fundraiser for a fellow student with a disability, which raised $13,000 to go towards essential walking equipment. There are many other stories like this, ranging from saving lives to providing bread each day for school breakfasts.
Down my way we get a lot of bad press about our young people. But I like to say, through conducting this particular event, how proud I am of the many kids and students who live in my area. These kids are there making a difference. I think we will probably get about 44 students at this event, nominated from about 44 of the 55 schools that participate. I also like to communicate, on behalf of our community and on behalf of people here, how proud we are of them and how we recognise their achievement. Too often we read in the national media and the local media about what our kids are doing wrong. I think it is important for us as a parliament and as a community to acknowledge what our kids are doing right. I think this ceremony, on behalf of us as a community, acknowledges their contribution.

The other really important awards are the Holt Australia Day Awards. I think it is also important to acknowledge what it means to be an Australian on Australia's national day. What I think that means, in a very understated way, is service to the community—not seeking headlines, not seeking the electronic media, but actually making a real-life difference to people every day. Again, I think it is important for us, on behalf of the community, to acknowledge those contributions, which often go unheralded in the mainstream community.

So those two great events—the Community Spirit and Leadership Awards and the Holt Australia Day Awards—symbolise and celebrate what is best in our community. And that is our young people, through the Community Spirit and Leadership Awards, as well as the general community from all walks of life who make our community a better place to live and work.

**Ryan Electorate: Scouts and Girl Guides**

Mrs PRENTICE (Ryan) (16:07): The Scouts and Girl Guides movements have long been a quintessential part of an Australian childhood. They encourage our younger generations to engage in community service, support their peers and learn valuable life skills, including teamwork and leadership. Scouts and Girl Guides provide a wonderful outlet for our children and at the same time teach them invaluable life skills. My electorate of Ryan was hit hard by the floods in January, affecting homes, businesses, livelihoods and, of course, community organisations. In particular, local Scouts and Girl Guides groups lost many of their halls and facilities. These groups are not-for-profit organisations, so this damage has had long-term detrimental effects.

Almost 12 months on, some of these groups are still not back in their huts, with the Auchenflower Scout Hall remaining closed, mainly due to flood damage. Over the past year I have received many calls for help and support from local groups. I am always happy to support these worthwhile organisations, as they provide a continuing commitment to our youth generation after generation. They encourage young people to play a constructive role in society as responsible citizens and active members of our community—although, I must say, as a scouting mother I do feel that the first badge they earn should be one for sewing. I vividly remember many long nights trying to sew those badges on straight on my son's shirt.

I was delighted to attend the recent John Oxley Girl Guides awards ceremony. Congratulations to all the girls who have achieved so much. However, I particularly want to acknowledge Jennifer Hall from the Kenmore Ranger Guides. On a visit to the Mater Hospital in Brisbane with her Girl Guides unit, Jennifer discussed ways that she could help the hospital as part of the service component of her Baden-Powell award. Jennifer decided to make beanies for premmie newborn babies. She chose the ambitious target of 800 beanies—the
number needed at the Mater each year. Conscious of the challenge of the task ahead, Jennifer enlisted the assistance of local community groups. By the end, she achieved a truly amazing result—more than 6,800 beanies. These were collected and distributed not only to the Mater but to hospitals in need throughout all of Queensland. It was wonderful to hear Jennifer sum up the project in her own words:
I felt immensely proud of what I achieved as a Girl Guide with the community and know that we did make a difference. It taught me many skills; not only communication, project management, and logistics, but also the need to say thank-you to every knitter for their wonderful contribution.
I would like to take this opportunity to congratulate Jennifer and, indeed, Girl Guides all around Australia. They are indeed our country's future leaders.

Greenway Electorate: Schools

Ms ROWLAND (Greenway) (16:10): I rise to mention a number of very exciting developments that have recently occurred in the schools in my electorate of Greenway. The Greenway electorate has benefited greatly from Labor's record investment in schools through the Building the Education Revolution program. Over the past two weeks I have had the absolute privilege of officially opening brand-new facilities at no less than six Greenway schools, thanks to the federal government's record investment in education. Toongabbie West Public School, Seven Hills North Public School, Bert Oldfield Public School, Vardys Road Public School, Barnier Public School and Mary Immaculate Primary School have all recently officially opened their new multipurpose halls, new classrooms and school refurbishments in what have been very exciting times for schools in my electorate.

I would like specifically to praise the efforts of all the school communities and especially mention the hard work of their principals, including Brian Firth, Denise Prowse, Libby Gledhill, Amanda Connelly, Rod Gibbs and Paul Devlin. I believe one of the best parts of being the member for Greenway is visiting the fantastic schools in my electorate. I am extremely proud to be the member of a government that invested so much in the future of this country by investing in its schools. I am extremely privileged to represent in this place so many wonderful schools and school children.

Nobel prize winner William Yeats said 'Education is not the filling of a pail but the lighting of a fire.' I know that teachers and principals in the Greenway electorate inspire their students in this way every day. During these recognition ceremonies all school principals, as well as parents, support staff and young people themselves have expressed to me their sincerest gratitude for receiving such a significant investment in their school's infrastructure.

Until a Labor government chose to stimulate the economy during the GFC by investing in our young people, some of these schools had not seen any new developments in school buildings since they were first established, some of them more than 50 years ago. By investing in education we are indeed investing in the future of this country. I have mentioned on a number of occasions in this place the power of education to enable our young people to reach their full potential. This government, through the BER program and also through another great passion of mine, the National Broadband Network, is affording our young people the best possible opportunities indeed to reach this potential. Thanks to the NBN, all Australian schools, TAFEs, universities and higher education institutions will have the connectivity they need to develop and collaborate on innovative and flexible educational services and resources, to extend online learning resources to the home and workplace and
facilities to offer students and learners who cannot access courses via traditional means the opportunity of more online virtual learning. The schools in the Greenway electorate will benefit greatly from these developments and I look forward to seeing these schools continue to grow into the future.

In closing, I would like to mention the exceptional academic performance of another fantastic Greenway School, Patrician Brothers College in Blacktown. In their NAPLAN tests for 2011 they achieved outstanding results in both year 7 and year 9, which saw them top the Parramatta diocese. I praise the work of principal Santo Passarello and all St Pat's staff and congratulate their students on this wonderful achievement.

Gippsland Electorate: Mobile Phone Coverage

Mr CHESTER (Gippsland) (16:13): I rise to raise my concerns on behalf of several small communities in my electorate which do not have access to reliable mobile phone coverage. In doing so, I call on the government to reintroduce a mobile phone black spot program to assist telecommunication providers to expand their reach into some of our smaller regional centres throughout Australia. The government currently has no plans to improve mobile phone coverage, which is in contrast to the policy of the Liberal-National Party coalition of providing $30 million to target mobile phone black spots. That was a policy that the coalition took to the 2010 election, and I urge the government to adopt our position in the interests of regional growth and community safety.

It is the issue of safety, in particular, that I want to focus on today. I want to refer to an email I received this month from a constituent of mine, Mr Alex Gray, who lives in Combienbar. I do not expect other members to know where that is. It is quite a remote part of the East Gippsland area. It is an area which is difficult to service and which has no mobile phone coverage whatsoever. Recently the landline service also failed, and my constituent had to travel about 50 kilometres to Cann River, at his own expense, for the privilege of reporting the service breakdown to Telstra. I would like to quote from Alex's email to me:

The safety implications of not having a reliable communication service are obvious. Only a couple of months back an overseer on a nearby property had a near fatal accident on a four wheeler and had to be airlifted to hospital. If this had have happened in the past few days, when there was no phone service available, he may not have survived. There is also the major concern in our area of bushfires. The need for a reliable communication service is obvious.

Unfortunately, in this case it took several days to repair the landline service. As we approach the summer bushfire season events like this highlight what an unsatisfactory risk is posed to my community if we do not improve our mobile phone services. I urge the community of Gippsland to prepare early for this year's bushfire season. Nothing takes the place of extensive preparation and development of your own bushfire survival plan to protect your family and property.

I also hasten to add that members of a community should not rely on the emergency alert system that the government has rolled out across Australia at a cost of about $26 million. I am not condemning that system in any way whatsoever; I am simply making the point that you should not depend on it completely. Also, do not expect to receive timely advice in an emergency situation, because some of the most bushfire prone areas in my electorate are those that have the worst mobile phone coverage and the emergency alert text system that has been rolled out will not reach many people in the Gippsland area.
As the system is developed further—and there are plans that messages will be able to be sent based on the location of the mobile phone—it will be critical that mobile phone black spots are eliminated in many of these regional areas I have talked about. From some of the national parks around the Latrobe Valley, to the Grampians in the high country and to some of the more remote coastal areas in Gippsland, the areas with the worst mobile phone coverage are the most likely to be affected by bushfires this summer. It would be illogical to keep spending money on expanding and improving the emergency alert system without also investing in infrastructure to fix the mobile phone black spots in regional areas like Gippsland.

On a completely unrelated point it has come to my attention that one of our attendants, Amy Constable, will be leaving us in a couple of days. Amy was just in the chamber a few moments ago. She is going to study in Leeds for six months. We wish her well. She has been a great asset to the parliament.

**Restoration of the Julie Burgess**

**Mr SIDEBOTTOM** (Braddon) (16:16): Thank you Madam Deputy Speaker and colleagues and good afternoon. Last Saturday evening I had the great pleasure of joining the new Mayor of Devonport, Mr Steve Martin, and many other dignitaries to relaunch the wooden ketch *Julie Burgess*, which is the last in a long line of vessels owned by the Burgess family, a family held in high regard who once played a very large part in Victorian and Tasmanian maritime history.

The *Julie Burgess* is known far and wide in maritime circles. It is recorded as a vessel that should be preserved because of her history and role in Tasmanian and mainland waters. The 68-foot ketch was built from blue gum in 1936 by Mr Ned Jack of Launceston. The boat was engaged in the Bass Strait crayfishing industry since her launch, except for war service when she was used as a cable ship in Bass Strait at the outbreak of World War II.

After that time, and service doing lots of other things, the *Julie Burgess* went into disrepair and has been languishing ever since. In 2009 the Devonport City Council, under the first round of the Getting Communities Working and the Local Jobs streams of the Australian government's $650 million Jobs Fund, received approximately $1.87 million to refloat and refurbish the *Julie Burgess*. The beautiful, young-looking, 75-year old *Julie Burgess* hit the water and last Saturday, like most boats, looked even more magnificent in the water than when out of it.

I want to congratulate the Devonport City Council, and I particularly congratulate former Devonport Mayor Lynn Laycock for nagging me, this government and her own council to get the funding for this. I also congratulate Alderman Graham Kent, Peter Higgins of the Julie Burgess Trust Special Committee and the many others who have joined them to bring this project to fruition. I also acknowledge Margaret Griggs, who started with the project and is now the full-time project officer, along with the members and officers of DEEWR who have put this project together.

Not only have we refloated a magnificent ship but we have also given terrific skills to the people and the shipwrights who brought her back to her former splendour. We now look forward to working with the community to get her working as a tourist vessel. At the same time, the additional funds that are part of the project will be used to get the maritime
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information centre up so that, together with the Julie Burgess, they make Devonport again a most attractive port for tourism ventures and for the development of job skills.

**Armenian Genocide**

Mr FLETCHER (Bradfield) (16:19): I rise to speak of the Armenian genocide. The 1948 United Nations convention on genocide defined the term as follows:

In the present Convention, genocide means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such:

a) Killing members of the group;

b) Causing serious bodily or mental harm to members of the group;

c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;

d) Imposing measures intended to prevent births within the group;

e) Forcibly transferring children of the group to another group.

Clearly the Jewish Holocaust was in the mind of the framers of this convention. However, another extremely troubling incident of genocide in modern times was that of the Armenians living in the Ottoman Empire in what is now modern day Turkey. What occurred was the deaths of between one million and 1.5 million Armenians between 1915 and 1923. Consistent with the definition of genocide, these deaths took place with the clear intent of destroying Armenians as an ethnic group. Deaths occurred through outright massacres. They also occurred as a result of deportations and forced marches which were designed to create conditions leading to death. Deaths comprised up to half of the Armenian population of the Ottoman Empire.

Recognition of these atrocities by governments of the world as genocide is of vital importance to all Armenians wherever they may be. This is an important issue for my electorate, which has a large and thriving Armenian community. It is estimated that 40,000 of the 50,000 Armenians in Australia live in the three federal electorates of Bradfield, Bennelong and North Sydney. For Australian Armenians, including those in my electorate of Bradfield, there is a legitimate call for the Australian government to recognise what happened during and after the First World War as genocide. Some 20 countries around the world have declared these events as genocide. These countries include Canada, France and Germany. It is time that the Australian government also recognised what happened in the early decades of the last century as genocide. The horror that occurred to these millions of Armenians, our fellow human beings, reverberates through time, impacting on the whole Armenian community, including the millions of descendants of those who were directly affected.

The call that this event be labelled genocide is not to apportion blame to any current government or country but to recognise what happened for what it was and in turn to provide a basis for healing and acceptance by both the Armenian community and the world as a whole, and to provide a basis for continued awareness with a view to ensuring that atrocities of this nature never occur in the future.

**Isaacs Electorate: Educational Projects**

Mr DREYFUS (Isaacs—Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency) (16:22): I rise to speak about the most recent openings of the Building the Education Revolution projects in my electorate, which have delivered
tremendous educational benefits for students and of course supported jobs in our community through the economic downturn in 2009 2010. I will also mention the upcoming launch of the Stephanie Alexander kitchen garden at Aspendale Gardens Primary School.

Two weeks ago at the Parkdale Primary School I joined acting principal Leanne Armao and the wider school community to officially open the school's federally funded $3 million multipurpose centre. This remarkable upgrade incorporates a full-sized gymnasium, canteen and learning area and gives students a state-of-the-art facility that was only a pipedream before the announcement of the stimulus package. I would like to acknowledge the past principal of Parkdale Primary School, Craig Johnson, for his dedication not only to the school but to seeing this project through from the planning stage to near completion. Thanks must also be given to acting principal Leanne Armao, school council president Craig Fry, former school council president Lee-Anne Harrison, the staff and the school community for their contribution to their success of this facility.

Last week it was Aspendale Primary School's turn to celebrate the official opening of their federally funded $2.3 million dollar library and learning centre. This dedicated facility was the first major construction project undertaken at the school since the 1950s and delivers a new library and six additional classrooms which are tailored towards an open-plan learning style that transforms conventional teaching practices. Credit must go to Aspendale Primary School principal Phil Anthony, to the staff, school council president Cameron Gosling, former school council president Fiona Smith and the whole school community for making this historic upgrade a success.

This Friday I will join with Keysborough College principal Heather Lindsay, Acacia Campus principal Andrew Sloane and the wider school community for the opening of the college's $1.97 million science centre. The college is a multicampus school, where over 80 per cent of the students come from a non-English-speaking background. Recent graduates from the college have continued their education in science, engineering and biomedical fields at university. This new science centre is a fantastic addition to the college and will further enhance the educational and employment opportunities for our community. Finally, on 9 December I will join Aspendale Gardens Primary School to launch their $60,000 federally funded Stephanie Alexander kitchen garden. The Stephanie Alexander Kitchen Garden program was made possible by a $12.8 million federal government investment over four years. Students at Aspendale Gardens Primary School have the opportunity to grow, harvest prepare and share fresh food while learning the importance of making healthy choices. Aspendale Gardens Primary School's garden incorporates vegetable plots, fruit trees, a compost system, a worm farm, a hothouse and a chook pen. I know that the students are very excited about their garden and about learning about healthy eating and where their produce comes from.

Hasluck Electorate: Schools

Mr Wyatt (Hasluck) (16:25): I rise to speak about schools in the Hasluck electorate. As members we often have the privilege of interacting with schools within our electorates and on 15 November, a Tuesday, I had the privilege of visiting four schools in my electorate with the state Minister for Education, Minister Constable.

The first school we went to was Gosnells Primary School. There we were met by the principal, Sue Waterhouse, and we had the opportunity of meeting with staff within the
classrooms and looking at the work that they were doing with children whose learning challenges were being met by the enthusiasm of teachers. Then we had an assembly, and I was eventually dragged up to dance. It was afterwards that I felt my joints the after-effects of doing an Aboriginal dance, but it was a great interaction. The next school was Yule Brook College in Mannington, a school that had a tremendous reputation and whose numbers then dwindled. The school took a different approach and it has become a member of the board of independent public schools. The staff are looking at the way in which they engage their students, provide for them and make learning meaningful. In that context, there was a tremendous attitude and a framework of positivity. I found the same at Clayton View Primary School with Frank Scarfone and his staff. Then we went to Darling Range Sports College, which in the afternoon opened a new stadium that was an election commitment by the coalition during the 2008 state election. The local candidate at the time, Nathan Morton, negotiated with the premier for that stadium because he recognised the tremendous opportunity it provided the sporting college to give these young people high-quality facilities that would enhance their abilities within the sporting arena.

But what I want to finish on is the spirit of the teachers in each of those four schools—their absolute enthusiasm to ensure that children within their care and under their teaching were achieving destiny pathways, which kids were talking about. I had the opportunity of talking with children in the classrooms, and the enthusiasm that came from the kids was great. What I also saw was evidence from numerous teachers who think outside the square and who want to provide a learning environment that is rich and engaging. When I went to Clayton View Primary School, the last one I visited, the enthusiasm of the students about having the Minister for Education there, and the dialogue they had, was incredible. When I spoke with the teachers during the lunch break I had the opportunity of interacting with a group of people who were totally committed and caring. I acknowledge all of those four schools.

The DEPUTY SPEAKER (Mrs D’Ath): Order! In accordance with standing order 193, the time for constituency statements has concluded.

BILLS

Broadcasting Services Amendment (Review of Future Uses of Broadcasting Services Bands Spectrum) Bill 2011

Second Reading

Debate resumed on the motion:
That this bill be now read a second time.

Mr Turnbull (Wentworth) (16:28): I rise today to speak on the Broadcasting Services Amendment (Review of Future Uses of Broadcasting Services Bands Spectrum) Bill 2011. This bill seeks to do two things. Firstly, it seeks to amend section 35A of the Broadcasting Services Act 1992 to defer the initial statutory review of whether to allocate one or more additional television broadcasting licences. The current act requires a review to be conducted by 1 January 2012. This amendment will defer that date to 1 January 2013 to allow for the completion and reporting of the Convergence Review, which is scheduled to report to the government in early 2012. Secondly, the bill seeks to amend the act to expand the scope of the statutory review to consider possible uses of the unassigned broadcasting services band spectrum available for both television broadcasting services and non-broadcasting services.
The expanded scope of the review will examine any impact that the introduction of new services using the unassigned broadcasting service band spectrum will have on current broadcasting services and consumers. As the statutory review will no longer exclusively examine the commercial television broadcasting services, this bill moves section 35A to the relevant section of the Broadcasting Services Act 1992 to part 3, which covers the planning of broadcasting services spectrum.

Importantly, the deferred review reporting date will allow, as I noted, for the convergence review to be completed and to report. The convergence review is a very important step in re-evaluating the fundamental principles underpinning the media's regulatory environment. It is prudent that any review into the use of the so-called sixth channel broadcasting services band spectrum take into account the convergence review's recommendations. Given the rapid advances in technology—which will be ever thus, I fear, characteristically well ahead of the legislation and the policy and regulation—it is important that our legislation reflect insofar as it can the ever-expanding possibilities for spectrum allocation. It is for this reason that the coalition is supporting this bill. It is a prudent step to provide further time for the convergence review to report.

Spectrum is a finite resource and, as such, requires careful planning and management in order to maximise both public and private benefit. There has been a great deal of debate surrounding the question of what to do with the broadcasting services band spectrum or the sixth channel spectrum since the switch-over to digital television was considered in the 1990s. There are currently seven frequency channels of broadcasting services band spectrum that are available to deliver television services. They will be reduced to six once the digital switch is complete and the seven megahertz broadcasting spectrum digital dividend that will exist as a result of the completion of the digital switch-over and spectrum restack also underway will create the opportunity for either a sixth television network or use with new technologies.

As I mentioned, this issue of the creation of a sixth channel or a fourth commercial network has been a long-running one. While it has been possible with analog transmission to accommodate a sixth channel, successive governments have deemed the environment not appropriate for the introduction of an additional commercial network. Indeed, the commercial broadcasters have argued—and I suppose you could say that they would argue that, wouldn't they?—that there simply were not the revenues to enable an additional commercial television network to be licensed, at least not the revenues available that would enable it to be profitable and, indeed, to enable the commercial broadcasting industry to continue to fulfil the expensive obligations it has to provide, for example, Australian content and drama and the other obligations that they bear.

To what extent these arguments are valid depends a lot on the economic circumstances and the technology. The cost of running a television station from a technical point of view is much reduced; however, the cost of content, if anything, is becoming more expensive. It is a moot point. I recall 20 years ago when the Ten Network went into receivership and I was advising the new owners, Westpac, about how to restructure the Ten Network, which we were able to successfully do. There are a lot of people, a lot of so-called media experts at the time, who said there was not even room for that network to survive and that there was not room in Australia for more than two commercial television networks. A lot of very credible figures made that case. Now looking back that seems absurd. So I just note in passing that, while I am
not signing up to the proposition that there is not a commercial basis for an additional commercial television network, I think we have always got to review these assertions of what the economics of the industry are in the circumstances at the time and take into account that everybody has a vested interest—or everyone in the industry does. In 1997 the Howard government allocated the sixth channel spectrum for use by community free-to-air broadcasters and maintained the restriction on the establishment of a fourth television licence. In 1998 this policy was extended until December 2008 and the media reform package introduced in 2006 offered the first signs that there may be some certainty over the use of the sixth channel spectrum with the then prime minister announcing spectrum would be auctioned off to allow for two digital services. This policy was overturned in 2007 and the future of this spectrum has become much less certain.

The way Australians now consume news, entertainment and other content is rapidly changing and we have to rethink our basic assumptions about how we access and consume digital content. Regulators are constantly faced with the challenge of creating policy that keeps pace with technological change while taking into account the potential future demand for services. Australians are rapid adopters of new technology and in regard to the means of accessing content we now have more choice than ever before. With the advent of tablets, smartphones, smart TVs, IPTV and, of course, the arrival of cloud computing, the traditional media landscape is almost unrecognisable from what we have today and the environment is only becoming more competitive. We are moving into what I have described elsewhere as arguably a post-channel environment, which has very significant implications for regulation. So much of our protection of Australian content, or our promotion of Australian content, is premised on there being limited number of channels licensed by the government which enable the licensee to broadcast content into the homes of Australians. A condition of having one of those channels is to have so much Australian content, so much drama, so much children's content and so forth.

As long as those channels are basically the only ones that were available for most Australians, that regulation had some force. But now in a thoroughly IP world we are in a position where, increasingly, the fundamental business model of free-to-air television is under question. There are people that are saying the business model of free-to-air television is doomed. I do not think there is any evidence—right at the moment anyway—to suggest that that is a realistic prophecy. Having said that, those people who predicted doom for the business model of newspapers ten years ago, and in some cases even five or six years ago, were being criticised as doomsayers. This is a rapidly developing area and we are seeing creative destruction—if that is the right term—on a very large scale. Rupert Murdoch himself famously said that, as I frequently repeat—although on one occasion he told me he did not recall saying this, but I know he did say it. It was a very profound insight. Mr Murdoch said that the internet will destroy more profitable businesses than it will create. That has certainly been so for his company at least. What this means is that we have a very different media environment. What is the appropriate means of regulating or promoting Australian content if the free-to-air channel becomes less and less important as the medium through which Australians view digital content, especially drama and children's programs? One can see free to air becoming increasingly dependent on live events—a grand final or the latest news—where turning on the program a day later or even a half-hour later is of no benefit to you. What about the other types of cultural content that are so important?
It is a brave new world. This area of convergence poses huge challenges, most significantly in the area of entertainment—drama in particular. The United States internet movie download company Netflix is now the largest source of internet traffic in North America. That is something to reflect on when we talk about the benefits of the NBN, because the bulk of the bandwidth on the NBN will in fact be used for exactly the same thing: video entertainment. Netflix accounts for 30 per cent of peak downstream traffic in the United States, and similar digital content—that is to say, video entertainment, video streaming and downloads—brings the total up to over 50 per cent. That is what the internet traffic in the United States is largely made up of. Why is that? I am not suggesting that that is the most important part of internet traffic—but the reason it takes up so much of the traffic is that they are very big files compared to an email or most business data.

There are more than 45 million users of IPTV, internet protocol enabled television, worldwide today. That number is rapidly expanding. It is expected that the Asia-Pacific region, our region, will have the largest number of subscribers to IPTV. That means that every television set will become connected to the internet and that a consumer will be able to view a video on YouTube, a movie download, streaming video content, video content delivered by a newspaper website such as the Sydney Morning Herald or the Australian—any video content that can be delivered over the internet. Those channels that used to be fixed windows, the only windows through which you could see content, are now just some among an almost infinite range of windows or portholes through which consumers can see content.

In September, the Department of Broadband, Communications and the Digital Economy released a discussion paper on the allocation of spectrum. It said that ACMA should take five principles into account when allocating spectrum:

1. allocate spectrum to the highest value use or uses
2. enable and encourage spectrum to move to its highest value use or uses—
3. use the least cost and least restrictive approach to achieving policy objectives
4. the extent possible, promote both certainty and flexibility
5. balance the cost of interference and the benefits of greater spectrum utilisation.

So the convergence review is being asked to report. But none of the questions it is being asked to report on are easy so that we can better understand how these priorities have shifted in the new environment. There are some very important questions, over and above the ones I have canvassed, that need to be addressed. How do we maximise long-term revenue from allocating spectrum in an environment where the licence holders are now competing not only with each other but with other companies delivering content over the internet? The big content providers used to be the free-to-air television stations and Pay TV channels. But it is now, increasingly, what are called the over-the-top companies—Google, Amazon and many others—who are able to deliver content over the internet directly to the consumer as and where the consumer wants it.

We have to address how vital services, such as emergency services and police, and railways, who have specialised spectrum requirements, are going to be addressed. They are more dependent on the allocation of spectrum than ever in a wireless world. How do we
ensure—and this is arguably one of the most challenging issues for the review—that the old objectives of regulation, such as ensuring a level of local content, are maintained when the government no longer has control over the delivery platforms, when we move into a post-channel environment? This is a gigantic issue for the Australian film and television industry and for Australian-content providers generally.

As the department's discussion paper notes, digitisation of broadcasting means that a sixth TV channel, for example, could deliver as many as five standard-definition streams, or multichannels. If it used newer coding technologies such as MPEG4, it could deliver even more, possibly up to 10, multichannels. But we have to ask ourselves whether spectrum of this kind, which could be used for so many other applications—it can be used for what we call generically mobile data—should be allocated for broadcasting at all.

High-speed broadband is now delivered on a fixed-line basis to most premises, and that will be so whether the government continues with its fibre-to-the-home rollout or whether other, more cost-effective technologies are deployed, as we have recommended, and wireless broadband continues to become more and more compelling because of the functionality of mobility. In that environment, there is a powerful argument for saying that spectrum should, as far as possible, be allocated in such a way that it represents a neutral platform that can be deployed in accordance with market demands, consumers' demands and preferences, for whatever content they seek—whether it is video or some other form of content, and obviously different types of content and videocommunications.

All in all, this is a prudent measure, but I think we need to be very alert to the changes that we are seeing in the digital world. There are huge issues associated with this. What we have seen, for example, in the newspaper industry has very big implications for our democracy. We often talk about quality journalism. I think some people think that that means an article in the Australian, the Age, or the Sydney Morning Herald as opposed to something in the Daily Telegraph or the Herald Sun. That is not the case. When we talk about quality journalism we are talking about journalism in the traditional sense, where journalists are paid or employed to go out and make inquiries, do research, ask questions and actually do the legwork, which of course takes time and costs money. There is nothing cheap about good journalism because it takes time and journalists have to be paid.

The resources that are available to newspapers are shrinking all the time. They have traditionally been the place where most of our quality journalism has been deployed, because they have had the space. The decline in revenues, in advertising, has been extraordinary. It was not so long ago that we used to talk about the Fairfax broadsheets, the Age and the Sydney Morning Herald, as having 'rivers of gold'—classified rivers of gold. Those classifieds have moved, substantially if not entirely, onto an online environment. The owners of those assets—and they shared this error with newspaper owners everywhere else in the world—facing the classic dilemma of every incumbent who sees a challenge to their existing franchise, had the choice of whether to move onto the new technological platform themselves and cannibalise their own legacy business, or try to protect their legacy business for as long as they could. But the truth is that, if you take the latter course of action, which is what most publishers have done, you end up with your legacy business being cannibalised; it is just that it is cannibalised by somebody else.
But the critical thing is that the revenues that were available for advertising in newspapers—the classifieds, almost entirely now, and, increasingly, display advertising—while they have not moved in the sense of 100 cents in the dollar to the digital platform, have been replaced by advertising which is much, much cheaper and more cost-effective and, in most cases, has greater functionality as well. Who nowadays would imagine ploughing through pages and pages of newsprint, as we used to, to find a flat to rent or a car to buy or to see if somebody had found your lost goldfish? All of that has gone by the by.

That type of challenge is also seen as being there for free-to-air television—although, as I said earlier, I am not as gloomy about their prospects. If there is a question that the media inquiry that the government set up—in a pretty transparently cynical, even by their standards, effort to have a slap at News Ltd—should be looking into, and of course it is something that the convergence review should take into account as well, it is: what are the implications for democracy of the decline of journalism? The Americans are very alert to this. What happens, what is the quality of the democratic process—perhaps not here in the federal parliament but in a state parliament, or in a local council—if there are no longer any journalists, if there is no longer a business model that can support the journalists to do their work: to report on what is going on, to question, to probe, to be a challenge—to undertake the traditional role of the media? Who guards the guardians when there is no business model to support journalism?

This is a gigantic issue. We often talk about the anxieties and neuroses of politicians, and every three years or less we face the judgment of our electors and they may well choose, right or wrongly, to throw us out. But the most anxious people in this building are not in the chamber anymore; they are in the press gallery. There are hundreds of journalists up there—and the younger ones are the most anxious—who are asking themselves: 'Have I signed up to an industry that really has a future? Where is the revenue, where is the business model, that is going to support my job?' And they see the newsroom shrinking. They see their ability to do the research, do the work and actually fulfil the traditional role of journalism being diminished. So this raises big questions for the importance of public broadcasting. Many could make a case that it is now more important than ever because obviously it is not as threatened by this, being supported by the taxpayer.

So these are important, vital issues. We should, and it is appropriate to, put off this question of the allocation of the so-called sixth channel spectrum. But the issue that we need to turn our minds to as parliamentarians—and I think all Australians need to think about this—is: what price our democracy when journalism no longer has a business model that can support it? We tend to assume that everything about the internet and the digital world is good. Most of it is good, but there are some very big implications. Until now we have had the dogged determination of hundreds of journalists working away, holding us to account, holding lots of other people to account, sometimes getting it right, sometimes getting it wrong, but nonetheless playing their role in our democracy. Do we really imagine that that can be replaced by a world of Twitterers—or tweeps, as we Twitterers are called—bloggers and Facebookers? Is that really going to cut the mustard? Is that going to be enough? We have read a lot about social media being a great adjunct and addition to news gathering, but is it a substitute for it? Can it replace it, or will we just be left in a sort of wilderness of opinion?

We support this bill, but it raises issues of great moment and issues that I trust all of us in this place will be focusing on. It gets back to what Jefferson said. He of course had plenty of
disagreements with newspapers. They were even more pungent in those days than they are today. He said that, if he were given a choice between a government with no newspapers or newspapers with no government, he would choose newspapers every time. I think all of us recognise the important role of the press and of freedom of the press, but we also have to recognise that the business model that has supported it—whether it is the press in terms of newsprint or free-to-air television news—is under very, very serious threat. There are big issues for our democracy in the area of convergence.

Ms ROWLAND (Greenway) (16:57): I would like to thank the member for Wentworth for sharing his quote from Mr Murdoch. It is interesting that Mr Murdoch viewed the internet as a business rather than as a social investment or an investment in people and communities. It brings me back to the point that the internet is but one application of high-speed broadband rather than the end of it. Also, the member for Wentworth mentioned the importance of technology-neutral platforms in the context of this bill, the Broadcasting Services Amendment (Review of Future Uses of Broadcasting Services Bands Spectrum) Bill 2011. I will discuss this further on. There is a clear preference for and a clear recognition of Long Term Evolution, LTE, abiding in these amendments, which I will discuss later.

I rise in support of this bill, which essentially proposes a revenue-neutral extension of a statutory time frame for a review by the minister of whether to allocate one or more commercial television licences in the broadcasting services bands. This extension is to allow for the findings of the convergence review to be received and considered prior to this ministerial review, which is a logical course of policy deliberation, on which I will also elaborate. Despite the seemingly innocuous nature of these amendments, the effect of these provisions reflects the profound and ongoing evolution of our spectrum management, its implications for the broadcasting space and potential future uses of spectrum in the realisation of the digital dividend.

In addition to the extension of the statutory time frame by one year, for a review to be conducted before 1 January 2013, under the proposed amendments the bill also amends the scope of that review to reflect the multiple and often competing uses for the unassigned broadcasting services bands spectrum. This is a logical and desirable amendment. It is consistent with the current convergence review being conducted, which is consulting on the critical issues associated with the ongoing designation, allocation and use of this precious spectrum for future generations. At the outset, I think it is vital we acknowledge the importance of these provisions for telecommunications, radiocommunications, broadcasting and indeed a future convergent communications environment as we shift to platform, technology and content neutrality. We have one opportunity to get this right and, as I have previously commented on in other relevant legislation in the radiocommunications space, there is one lesson that we must adhere to regardless of where we stand in the policy debate, whether we favour future uses for mobile wireless data or indeed commercial television licensing—that is, we must never underestimate the future. In Australia we have an enviable reputation for our regulatory environment, which is by and large globally recognised for its robust nature and logical development. As we approach Long Term Evolution, LTE, and reach the point where we must decide how we maximise the reutilisation of the sweet spot in the radiocommunications spectrum following the analog restack, we must do so in the most informed and forward-looking way possible as well as extract the maximum value, and
consistency with the public interest, for what I believe to be the most precious of our scarce resources: spectrum, a finite concept which is used but not consumed and which, when allocated, confers enjoyment of both flexibility and certainty for its licence holder, and the value of its use can be optimised.

I would like to turn briefly to what this bill does. In addition to amending the time frame and the scope of the ministerial review to be conducted under section 35A, it is relevant to note that these provisions will shift to part 3 of the Broadcasting Services Act, which deals with the planning of the broadcasting services bands—that is, it reflects the fact that it will not necessarily be the case for this review to be confined to the allocation of additional commercial television broadcasting licences and, indeed, this is a reflection of a ministerial consideration that will be made in a convergent environment rather than limited to one aspect of broadcasting licensing. Madam Acting Deputy Speaker, it may look innocuous, but it was always perplexing for me, as a practitioner examining these elements of the legislation, to have these provisions located in part 4 of the act rather than in part 3, for how could one enable reallocation of broadcasting services bands for anything other than a BSB designation? I know it would not occupy front of mind for many people, but it is very pleasing for me to see that this has finally been resolved.

The Broadcasting Services Act sets out a process for the allocation of new licences for certain services defined as being capable of using broadcasting services bands spectrum. There are also limits on the actions of the regulator, with the ACMA not permitted to allocate a new commercial television broadcasting licence in an area where there are already three in existence, unless the minister has firstly conducted a review.

I would now like to turn to the nature of the broadcasting services bands because it is useful to provide context for these amendments. The Broadcasting Services Act defines 'broadcasting services bands' to mean:

(a) that part of the radiofrequency spectrum that is designated under subsection 31(1) of the Radiocommunications Act 1992 as being primarily for broadcasting purposes; and

(b) that part of the radiofrequency spectrum that is designated under subsection 31(1A) of the Radiocommunications Act 1992 as being partly for the purpose of digital radio broadcasting services and restricted datacasting services.

That is, the broadcasting services bands are currently defined in a non-convergent term either for broadcasting for digital radio or for datacasting. This is relevant because, under the proposed amendments, section 35A will instead operate to facilitate a review of this usage under the broadcasting services bands. It is also important to note that the amendments do not foreclose the possibility of any decision being made on its future use, including that of additional commercial television services. Although the scope of the review will be broadened, no predetermination is made as a result.

The term 'designation' is used in the definition of the broadcasting services bands, and it is important to note the relationship of this term with that of the allocation process. Broadcasting services bands spectrum is only considered as available for allocation if the regulator, the ACMA, makes a determination in relation to that spectrum. Under these amendments, it is clear that the new section 35A review is not constructed to revisit any availability of BSB spectrum for national or commercial television broadcasting services in an area, nor those parts of the BSB spectrum that will be relocated as part of the digital dividend process that is
set out under the Radiocommunications Act. This distinction is relevant in understanding the precise nature of the spectrum management framework, the role of the minister and the role of the regulator in this regard. This distinction, which is picked up in the Convergence Review materials, also highlights how Australia, like many parts of the world finding themselves in the process of convergence, has different planning regimes for spectrum that is used for broadcasting versus spectrum that is used for other services such as telecommunications, including wireless broadband services. Convergence increasingly means that this once-logical rigid separation is questionable. The conduct of the review to be undertaken by the minister under section 35A is also set out in the proposed amendments. These are mandatory yet non-exhaustive, with provision made for any relevant matters to be taken into account. The specified list of requirements includes the objects of the Broadcasting Services Act, planning criteria, spectrum availability and the impact of new television or other services on both the broadcasting services bands as well as on consumers.

I would like to turn to the issue of convergence and its relevance to these amendments. The phenomenon of convergence was once actually a hotly debated point, and I recall in the Productivity Commission's landmark review of telco regulation in 2000 that the concept was indeed hotly contested between stakeholders about what it was, how it could be defined, what its impact would be and what regulatory approaches should be adopted, if any, to address it. Today, of course, it is the subject of understanding how our past regulatory distinctions between elements such as spectrum that is allocated for broadcasting services and spectrum allocated for other purposes such as mobile data were distinguished on the basis of carriage and connectivity versus content provision. Today we accept that a delivery platform does not define or confine content provision. As the Convergence Review papers point out, this has led to a blurring of the distinction in how spectrum is regulated. While the allocation of spectrum for television is currently regulated by the Radiocommunications Act, viewing the same content via a catch-up service is primarily regulated by the Broadcasting Services Act. In a convergent world there is, again, a question as to whether these separate spectrum management regimes are appropriate.

It is also useful before examining the bill in the context of the Convergence Review to take a snapshot of how far the Broadcasting Services Act has evolved since 1992. Back then, some of its key elements were five channels of free-to-air broadcasting and Sky Channel narrowcasting in pubs and clubs, and the subscription broadcasting moratorium was expiring. Now the services relevant to the Broadcasting Services Act oversight include five free-to-air channels plus digital HD or SD simulcast and multichannels, over 100 channels of subscription television, interactive services, video on demand, streamed video and downloaded video.

I would like to make mention of the structure and substance of the Convergence Review currently being undertaken, which continues this methodical and stakeholder driven process of informing crucial policy in this area. The Convergence Review Committee has released a series of discussion papers ranging from licensing, content and competition to community standards. In particular, I would like to focus on discussion paper 2, which is highly relevant to this bill, concerning spectrum allocation and management. The introductory comments of this paper reflect my earlier remarks concerning the importance of sound spectrum management policy. It says:
Spectrum is a scarce national resource. It represents a key platform for the delivery of media content and communications. How this spectrum is planned and managed by government will have an impact on the achievement of the objectives reflected in the principles for the convergent communications environment.

The Convergence Review paper I have mentioned also highlights the five regulatory principles which the ACMA has adopted in its spectrum management undertakings and in providing guidance to stakeholders about the regulatory approach to this spectrum management.

In the context of the above regulatory approach, key issues for the Convergence Review include the following questions: how could public interest considerations relating to the carriage of broadcasting content be dealt with in a converged spectrum management approach—in the amendments to the 15-year spectrum grants for the Radiocommunications Act last year, I noted that there was no jurisprudence in this area on what constituted the public interest under those similar provisions; what are the possible implications for spectrum management policy of the enhanced efficiency of broadcast spectrum resulting from digitisation; how might pricing for broadcasting spectrum and related licences be dealt with; and how might the rollout of digital radio in regional Australia and the allocation of the sixth television channel be managed in the new environment? Consideration of all these questions are, again, all instructive in illustrating the sound policy process which underlies the amendments before us.

In conclusion, the sixth channel, channel A, has been debated since 2000 and certainly even before that. In the 2006 amendments, we had the auction process announced for two digital services, channel A being for in-home narrowcasting and channel B for mobile TV. We have, of course, progressed since then and in January last year we had the DBCDE discussion paper which canvassed the option for the digital dividend. We found stakeholder differences—which I think we all expected to find—between, for example, community broadcasting, free TV, subscription television and mobile operators. In June last year the minister announced that the contiguous block in the high-range UHF band would be released. The ACMA consultation on the digital dividend, whatever the outcome, clearly favours recognition of long-term evolution. The Convergence Review is logical and sensible. Despite all these questions I have discussed, one thing is certain: the dynamic and ever-changing nature of this environment is both predictable, because it actually will change, and very exciting, because we do not know precisely how it will change. I commend the bill to the House, because it is a logical process of enabling the minister to prudently consider the outcomes of the Convergence Review before a decision is made.

Mr FLETCHER (Bradfield) (17:10): I am pleased to rise to speak on the Broadcasting Services Amendment (Review of Future Users of Broadcasting Services Bands Spectrum) Bill 2011. The key purpose of this bill is to seek to amend section 35A of the Broadcasting Services Act 1992 to defer the initial statutory review of whether to allocate one or more additional commercial television broadcasting licences. The current provision requires the minister to cause a review to be conducted by 1 January next year. The amendment will defer the date to 1 January 2013. We are told that the rationale for this is allowing for the completion and reporting from the Convergence Review, which is scheduled to report to the government in early 2012.
The bill also amends section 35A to reframe and expand the scope of the statutory review so that the review will consider possible uses of the unassigned broadcasting services bands spectrum available for both television broadcasting services and non-broadcasting services. The expanded scope of the review will also examine any impact the introduction of new services using the unassigned broadcasting services bands spectrum will have on current broadcasting services and consumers.

I will make three points in the brief time available to me. Firstly, I will express the view that the amendment, as far as it goes, is a sensible one and is supported by the coalition. Secondly, I will talk about the broader context of this review process. As the member for Greenway has just noted, the review is part of a broader process under which the so-called digital dividend is being realised through the transition of television broadcasting from analogue to digital. With the greater efficiencies permitted by digital broadcasting, spectrum is freed up both within the broadcasting services band and outside the broadcasting services band. Much of that spectrum has already been reallocated, and clearly this bill addresses the question of the remaining spectrum, so I will talk about the importance of that spectrum and of the reallocation process, particularly in the context of wireless broadband. Thirdly, I will reflect on some of the observations that have been made by the Minister for Broadband, Communications and the Digital Economy in this area, particularly concerning wireless broadband in recent years.

I turn firstly to the basis on which the coalition considers that these amendments are broadly sensible and ought to be supported. The need for a review is not contentious. Spectrum will become available as a result of the completion of the digital switch-over and the spectrum re-stack process. That freed-up spectrum will be available for a number of potential purposes. There has been debate surrounding this issue, certainly for as long as I have had the privilege of being involved in the communications sector, which includes my time serving on the staff of the then communications minister in the late 1990s. At that time, this process commenced—the Howard government in 1997 allocated the remaining spectrum to community free-to-air broadcasters and maintained the restriction on the establishment of a fourth commercial television licence. Subsequently, there was an announcement in 2006 that spectrum would be auctioned for two digital services. However, this was overturned by the current government following the 2007 election. Since that time, the future use of the spectrum has been uncertain. The Convergence Review Committee was established by the government in 2010 to look at the future use of the broadcasting services bands spectrum and the purposes for which it might be used.

The central logic of the bill embodying this amendment is that it does not make sense for the statutory review to be conducted by the deadline presently specified in the act in the light of the fact that, as of the deadline, the convergence review will not have reported. There are complex issues facing the commercial television industry and, more broadly, the communications sector. In coming to grips with some of those complex issues, the input from the convergence review will clearly be important in determining the optimal use of this spectrum.

As the shadow minister has already pointed out, the historical divisions between broadcasting spectrum and other kinds of spectrum are now hopelessly outdated. It is clear that this spectrum and many other kinds of spectrum can be used for a whole range of
communications services of many different types, all of which are based upon fundamentally consistent underlying technologies. Therefore, the legislative premise that the different kinds of spectrum are to be dealt with in wholly different ways is also completely outdated and the amendment to give effect to a capacity to consider non-broadcasting uses of this spectrum is highly sensible.

That brings me to my second point. The amending legislation here, together with the broader public policy process, which was referred to by the member for Greenway earlier and concerns the realisation of the digital dividend, should remind us of the fundamental importance and value of spectrum for a range of communications services, particularly a range of broadband services.

It is evident, as you look around the world, that it is accepted that the use of radio frequency spectrum for the delivery of wireless broadband services is considered to be of the highest importance. Interestingly, in the United States, the Federal Communications Commission has recently given its full support to the development of mobile broadband in that market. The chairman of the Federal Communications Commission has been quoted in recent days, speaking at the GSMA Mobile Asia Congress, as saying the following:

The Commission is making a concerted effort to make sure that mobile broadband operators have enough spectrum to support the increasing number of smartphones and tablets coming online. This is not something that anyone anticipated, planned for or predicted several years ago but it is a very significant issue, particularly in large densely populated markets with smartphone and tablet penetration. We need to tackle the looming spectrum crunch by dramatically increasing the amount of spectrum.

I venture to suggest that one of the issues which will be absolutely central to this review, as it is conducted under the amended terms set out in proposed section 35A, will be the capacity to use this extra quantity of spectrum for additional mobile broadband purposes. Of course, that would come on top of the program of work the government already has underway to make available additional spectrum under the digital dividend process through an auction process, with the expectation that the bidders are likely to include all of the existing mobile communications and mobile broadband operators.

There has been an explosion in the growth of wireless broadband services. Consumers have taken up these services with enormous enthusiasm, and the government's stated program of conducting auctions recognises the enormous consumer enthusiasm for wireless broadband services. I think there is very little disagreement on any side of the House that wireless spectrum and wireless broadband are of enormous importance. That brings me to my third point. The Minister for Broadband, Communications and the Digital Economy has made some reflections about the use of wireless for the delivery of broadband services. For example, I draw the House's attention to what Senator Conroy had to say about OPEL, the network that was going to deliver wireless broadband services under the Howard government's Broadband Connect program in a contract announced in mid-2007. Senator Conroy described OPEL on repeated occasions as the 'dog of the product'. This is puzzling given that OPEL proposed to use the same spectrum, the 2.3 gigahertz and 3.4 gigahertz spectrum, as is now to be used for the wireless broadband network to be provided as part of the National Broadband Network.
Indeed, Senator Conroy's confusing and conflicting views about wireless broadband were also revealed in an interview on *The 7.30 Report* in 2007, where he said about the OPEL network:

If you pick up your cordless phone while you’re using your Internet, your line can drop out. If you use your microwave, your line will drop out.

There is a puzzling contradiction between these high-minded consumer warnings being given by Senator Conroy in 2007. I am sure they were motivated purely by a desire to ensure that consumers were not misled, because apparently wireless broadband was deeply flawed—even to the extent that, if your microwave was turned on, you were not able to use wireless broadband—and that the purity of their motivation was only slightly tempered by their enthusiasm, which they have maintained in government with the National Broadband Network, for wireless broadband. I repeat that the spectrum proposed to be used and the speed—a 12-megabit per second peak speed—now proposed by the government under the National Broadband Network are absolutely identical to the OPEL product which was so remorselessly bucketed by Minister Conroy, the then opposition spokesman, during the 2007 election.

Indeed, it was not just the opposition spokesman on broadband who appeared to have a conflicted view, because the then opposition leader, on 19 June 2007, had this to say:

People in regional and rural areas deserve every bit as good a service as those in the big cities. Our fibre-optic-to-the-node plan will offer high-speed broadband to 98 per cent of Australians regardless of where they live. When you look at some of the technical deficiencies in wireless and problems in terms of being able to access speeds of 12 megabits per second using wireless then we believe we have hit upon the right technology.

In other words, the member for Griffith was then arguing that fibre was the only sufficient technology and that wireless, going out as far as 98 per cent, was inadequate—a view that the government seems to have changed markedly since it has come to the position that wireless is the appropriate technology to use in the 93rd percentile.

I will make my position on this perfectly clear, lest I be verballed, as is regrettably common when it comes to dealing with the Minister for Broadband, Communications and the Digital Economy. I am a strong supporter of wireless broadband, and I have been a consistent supporter of wireless broadband, but the point I am drawing to the attention of the House is that the minister has displayed no such consistency. For shabby, short-term political purposes, he spent most of 2007 ruthlessly bucketing wireless as a technology for the delivery of broadband. Suddenly, in the last couple of years, he has had a road-to-Damascus conversion and now accepts the proposition that wireless is a vitally important technology for the use of broadband. Presumably, he would no longer assert, as he did on 10 August 2010, commenting on the coalition's policy at the last election to use wireless as a component for the delivery of broadband that 'it will consign Australia to the digital dark ages'.

It is truly confusing to try to understand what the minister for broadband actually believes. I really do not advise anybody to look for intellectual or logical consistency in the observations delivered by the minister for broadband. They tend to be influenced heavily by expediency. I do make the point that the legislation before the House today, and indeed other aspects of the government's legislative program, are predicated correctly on the view that wireless spectrum is an asset of great value and that we ought to think very carefully about
how we can best optimise, in the public interest, the use of the limited spectrum resources that we have. And as part of that we ought to consider very carefully the use of spectrum, which presently falls within the broadcasting services ban. I have no doubt the review will consider that issue and it will weigh up the competing technologies which are available, and the optimal uses of that spectrum and the optimal regulatory settings, so as to facilitate that spectrum going to its highest value use. Consistency in politics and policy is a fine thing. As I have demonstrated, that is not something that you would look to from the current Minister for Broadband, Communications and the Digital Economy, but on this occasion we are nevertheless delighted to support his legislation.

Mr HUSIC (Chifley—Government Whip) (17:25): Before I begin my contribution, I do need to pick up on some of the comments made by the member for Bradfield. The issue he exhorted us to consider is that he did not wish to be verballied, but I think he did a pretty good job on verballing the minister and the government. Whereas those opposite have placed enormous emphasis on the benefit of wireless in the delivery of broadband in this country, we have sought moderation. By that I mean that as it currently stands today, and until there are potential improvements down the track—we are seeing the rollout of 4G networks that are promising much better speeds than what we have now—wireless technology has a place, but not overwhelmingly in the delivery of data or the delivery of broadband, particularly in heavily urbanised areas. Where we have sought to bring wireless or looking at putting that into the mix where network constraints, for instance the actual rollout of fibre, would not necessarily be the best method of getting broadband to people, wireless would be best in other parts of the country. In particular wireless will certainly fill a gap in regional areas where, for example, wireless does meet a problem in heavily urbanised areas where a great number of consumers on the network at any time, using a wireless network, will find that the speeds that they believe they are entitled to do not match reality. We have certainly not ruled out the use of wireless—we would incorporate it within the network—we just do not believe in the overall reliance upon it as those opposite would be—

The DEPUTY SPEAKER (Ms AE Burke): Sorry to interrupt. If the member for Bradfield leaves we will not have a quorum and we will fall over so, if you need to leave, wait until someone comes to replace you. So either get the phone and ask them to send someone up or do not move. My apologies for the interruption to the member for Chifley.

Mr HUSIC: Do I get extra time on the clock? At any rate those opposite are worried about being verballied on wireless and I think it is important we set the record straight. We have had a very stirring defence of the OPEL contract. At no point in time, and it was borne out certainly in the Joint Standing Committee on the National Broadband Network hearings held in Sydney, did the 19 broadband plans put forward by those opposite ever have a cost-benefit analysis attached to anything they proposed, yet they are seeking to defend here and now the value of what they had previously put forward as valid and worthy public policy. We are certainly trying to fix once and for all, in a major way, the gaping hole that has existed in providing uniform access to the provision of high quality broadband—fast broadband. We are doing it. But within the context of what we are discussing here today this all gets caught up in the matters we are currently concentrating on in the course of this debate.

The Broadcasting Services Amendment (Review of Future Users of Broadcasting Services Bands Spectrum) Bill 2011 itself has been remarked upon and makes amendments to
Broadcasting Services Act 1992. It is being reflected already, or noted, that it will amend 35A to reform the scope of the statutory review so it will consider the possible use of the broadcasting services band spectrum. Putting all that dry talk aside, what this is looking at in simple terms is how we allocate additional commercial TV broadcasting licences. There was a time in this country when such a debate would have caused a great amount of discussion in the public domain. Anything to do with the delivery of TV—who was controlling it, what we actually watched on TV—would have provoked a great deal of discussion. Where we are at right now is a reflection of how far things have moved, and a lot of this has moved as a result of people being able to exercise different content decisions—that is, the way they actually receive information, the way they interact in the public space through the internet. It has been an incredible thing to witness and we are truly a part of what right now is a phenomenal turn of events. We are looking at a whole range of mechanisms as to how we get information and how we relate to the outside world. Obviously this legislation that is before us is in part a recognition that there are a lot of examinations taking place right now about how technology is changing the way information is delivered.

The minister is convening the Convergence Review, which is an exceptionally timely review because it is looking at the policy and the regulatory framework as it exists within a rapidly changing industry environment. That review, being chaired by Glen Boreham, would look at how to best match policy regulation within the environment. Again I reflect on the fact that we are seeing amazing changes in terms of diversity of choice. Something that was mentioned earlier was the value of IPTV and other platforms available to people so that they can access what they view, whether it be through iTunes or through Netflix, and also the way that people may use the internet even for things such as listening to radio or being able to access other forms of media.

In these debates, particularly in terms of the impact of technology on society, we generally find that people are pessimists, believing that technology will have a detrimental effect, or optimists. And then there is a whole bunch of people who just get on with life and adapt to the technology around them. I stand as an optimist, believing that technology continually seeks to improve what people have available to them and that people willingly embrace that new form of technology. People are now actually calling for greater diversity of choice in what they have available to them. You can see it, for example, in digital TV. Broadcasters are recognising that people do want choice. They have seen it through pay TV and the multiplicity of channels available to viewers there. It is happening in digital TV and it is happening on the internet.

The member for Wentworth was reflecting earlier on the predictions of gloom and doom that had been made at a given point in time in relation to one particular broadcaster, Channel 10. He indicated that he did not necessarily believe that gloom and doom should be applied to Channel 10, and he was right. But he also indicated concern about what might happen in delivery of analysis through news. What happens to people who are journalists when the business model comes under increasing pressure within media outlets, particularly in the print media? What happens to the quality of analysis? What happens to the delivery of news and the way things are reported on? I have to say that view on what is happening in print conflicts with his rather optimistic view about broadcasting and what happened to broadcasters in years past. I am surprised by his degree of pessimism. If it is true that in a dynamic market people
will fill the void when there is demand, then I think we will see evolution. We will not see the collapse of journalism as we know it today; we will see the use of technology combined with people's demand for quality. As a result of that we will see things evolve. People are themselves taking control of the way in which content is delivered. For example, most people have taken up the option of what is available on YouTube. I do not necessarily subscribe to the quality that exists via that channel, but what it has done is challenge the notion that the only way you get content is if you stick with TV and that commercial TV or public broadcasters are the only ones able to satisfy an appetite or a demand that might exist for content. That is effectively what is being recognised within the convergence review, which I referred to earlier. It is currently calling for public submissions and is looking at this whole issue. I will not go through all of the principles here but the noteworthy ones are, for example:

1. Citizens and organisations should be able to communicate freely, and where regulation is required, it should be the minimum needed to achieve a clear public purpose.

2. Australians should have access to and opportunities for participation in a diverse mix of services, voices, views and information.

3. The communications and media market should be innovative and competitive—

and, importantly—

6. Australians should have access to news and information of relevance to their local communities, including locally generated content.

The issue of content and the point that I made earlier about the pressures being borne by the current business models that exist within the media industry mean that we are having to make really hard decisions about how we will maintain local content quotas, the way in which we expect content will be provided, and how we will satisfy local demand while recognising that there is a great diversity of choice and expectation by people that they will be able to either hop onto the internet and look at what is happening on TV or listen to something different on radio and be able to participate in that. So it is not just a one-way street.

There is also recognition within the convergence review that our regulatory framework in the past has operated within silos. I liken it to former Prime Minister Paul Keating, when he was Treasurer back in 1986, commenting on the fact that you could be either a prince of print or a queen of screen. That debate on cross-media ownership back in the 1980s really reflected our view back then that there was regulation for print and regulation for broadcast and that there was not much convergence. In fact, the convergence review itself recognises that there is a great degree of mixing of mediums and that people will need to cross over a variety of mediums to exist in the modern world. Certainly that review, which is expected to be brought down in March next year, will be critical in shaping the way that we respond to technology in a policy and regulatory sense.

The bill before us now is sensible. I think we on the government side welcome the opposition's support for it, because it is common sense to wait for the convergence review to finish and report to government and to then make decisions about the future use of spectrum. As others have remarked in this debate, the spectrum itself is of critical importance to the country. Decisions about allocation need to be made sensibly. We need to balance a range of interests, and certainly in terms of whether an additional channel comes online we do need to make that decision in the context of what might come up in the convergence review.
Certainly, and at the end of it all, I am very optimistic about the way in which we need to balance a whole range of decisions—the types of issues being dealt with in the convergence review and the power of technology that will further liberate what Australians can do locally but also what they are able to showcase to the world. Obviously people want to know where they are getting their information from, the interests that are behind that information and the transparency required. Ultimately, people want to have a lot more control and choice and they want to have the freedom to express themselves and take advantage of technology that is available a lot more these days. Certainly this bill is very mindful of that, as is the convergence review. I am looking forward to the release of the convergence review and, ultimately, the response to the review. I commend this bill to the House.

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:40): I am very pleased to thank members for their contributions to the debate. The Broadcasting Services Amendment (Review of Future Uses of Broadcasting Services Bands Spectrum) Bill 2011 provides for the conduct of a review of the possible uses of the last remaining channel of broadcasting spectrum, known as the sixth channel, by 1 January 2013. This is an important review and one that should be conducted after the convergence review has been completed in the first half of 2012. This is appropriate as the convergence review is examining the fundamental settings for broadcasting and media regulation and its recommendations may have a bearing on the future use of the sixth channel. For those reasons I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011

Second Reading

Mr ALBANESE (Grayndler—Leader of the House and Minister for Infrastructure and Transport) (17:42): I present the explanatory memorandum and I move:

That this bill be now read a second time.

This bill is to make key reforms to give effect to proposals, developed by an industry working party, to reform the portable long service leave arrangements in the black coal mining industry. This group comprised representatives from the New South Wales Minerals Council Ltd, the Queensland Resources Council, the CFMEU Mining and Energy Division, the Electrical Trades Union, the Australian Manufacturing Workers Union, the Association of Professional Engineers, Scientists and Managers Australia, the New South Wales Colliery Officials Association and the Mine Managers Association of Australia.

I commend the participants on their collaborative approach and their commitment to the future success of the unique black coal mining industry long service leave scheme.

Employees in the black coal mining industry have accessed portable long service leave entitlements under the terms of federal awards since 1949 which in turn were funded by an excise on coal production. Since 1993 the funding of entitlements has been through an employer levy scheme and administered by the Coal Mining Industry (Long Service Leave
Funding) Corporation. Employers are reimbursed when they have made a payment to an eligible employee in respect of their entitlement.

A priority concern of the industry working party was to ensure that the long service leave entitlement applied universally in the black coal mining industry. Amendments were made in 2009 to address this concern—extending the preserved award based long service leave entitlements to all the eligible employees who did not otherwise have an award derived long service leave entitlement from 1 January 2010.

While the 2009 amendments addressed the priority concerns of the working party this bill seeks to further these reforms by providing for the remaining proposals of the working party.

This bill legislates the minimum long service leave entitlement for all eligible employees in the black coal mining industry based on the precursor award entitlement.

Provision is made for all eligible employees, whether full time, part time or casual, to accrue long service leave in the black coal mining industry. An eligible employee will be entitled to long service leave when they have completed a period, or periods, of qualifying service totalling eight years or more. A key imperative of the working party proposals was to improve the operation of the scheme so that the amounts that employers are reimbursed from the Coal Mining Industry Long Service Leave Fund in respect of long service leave payments more closely correspond to the amounts that they have paid into the fund by way of levy. The bill therefore changes the basis on which the levy is imposed and facilitates changes to the employer reimbursement arrangements.

This bill provides for a greater compliance role for the corporation. The corporation will have the power to require persons to produce information or documents and standing to pursue alleged contraventions of a civil penalty provision on behalf of the Commonwealth. Additional penalty provisions have been included and existing penalty levels have been increased in line with contemporary standards.

This bill also makes changes to the structure and representation of the board of directors of the corporation to better reflect the current industry representative status of certain employee-representative and employer-representative groups, and to increase the terms of directors from two to four years.

The bill also establishes a regime for transition from the award-derived long service leave scheme to the new statutory long service leave scheme established by this bill.

The government is very pleased to facilitate these amendments proposed by the industry working party, and I am very proud to have had the unexpected opportunity to move the second reading of this bill in the House of Representatives. There is no doubt that this bill will provide significant benefit to both employers and employees in the black coal mining industry—employers, who contribute such a great deal of wealth to this nation; and employees, who work so hard to deliver that wealth for their families but also in the national interest.

I commend this bill to the House and I congratulate the CFMEU Mining and Energy Division, other unions and indeed employer groups who have been here this week to indicate the broad cross-sector support that there is for this important legislation.

The DEPUTY SPEAKER (Ms AE Burke): I thank the minister for assisting the smooth operation of the Main Committee this afternoon.
Leave granted for second reading debate to continue immediately.

Ms LEY (Farrer) (17:47): The coalition agrees with the government around the intent of the Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011 and has no arguments with it. I do not propose, therefore, to repeat the information provided by the minister, but I will simply make a brief summary for the purposes of our side of the House.

Following award modernisation in the black coal mining industry, long service leave entitlements were deducted from employees' wages as part of their award provisions. Entitlement to long service leave had been tied to time worked in the industry, as opposed to time worked with a single employer, since 1949, with recognition given to the fact that individual employers should not be required to fund the full long service leave entitlement when the employee may in fact have been working for a number of employers over the years.

It is interesting—if I might just refer to the Bills Digest—to reflect on the history of the legislation. During his second reading speech on the State Grants Coal Mining Industry Long Service Leave Bill 1949, on 24 October 1949, the then Minister for Defence and Minister for Post-War Construction, John Dedman MP, stated:

… it would be impracticable for the cost of the leave to be made the full financial responsibility of the individual employers … During their working lives, many employees have changed from one employer to another, and it would be inequitable to place the cost of all such employment solely upon present day employers. Some collieries are not financially capable of meeting the additional cost involved by the leave. Many employees have been employed in the past by colliery companies that are no longer in existence. Moreover, employers would be reluctant to employ men with previous employment in the industry because of the additional liability for long service leave that their employment would involve. This would tend to make labour less mobile than is desirable within the industry, and could result in a loss of skilled labour …

Broadly, the scheme now placed before the House in this interdependent set of three measures is that an excise of 6d. a ton will be placed upon coal produced by those employees in the coal-mining industry who will receive the benefit of long service leave. The proceeds of this excise will be placed in the Commonwealth trust fund and from this fund the Treasurer of the Commonwealth will be empowered to make grants to the States.

That pretty well sums up the background to why we are here today and the history of this slightly peculiar piece of legislation, given that it does not apply to all other industries. In order to promote workforce mobility and a more equitable system, a determined excise was placed in a Commonwealth trust to fund the liability when it came due for each coalminer.

This bill seeks to reinstate the pre-award entitlement to leave, also extending the entitlement to long service leave to casual and part-time workers. Since its introduction, there have been some significant changes in the administration of and methodology for long service leave in the industry. Employers now pay a payroll levy of 2.7 per cent, paid into the Coal Mining Industry (Long Service Leave) Funding Corporation. Yet award based long service leave was terminated under the Fair Work system. So provision was made via the Coal Mining Industry (Long Service Leave) Funding Amendment Act 2009 to maintain long service leave entitlements through the payroll levy and Commonwealth transfers to the corporation on behalf of all eligible employees, including non-award employees, from 1 January 2010. This bill will provide greater certainty to employees and employers; and, as noted by the minister, industry, unions, employers and employees are all wholeheartedly in support of it. The coalition also echoes that support. I thank the House.
The DEPUTY SPEAKER (Ms AE Burke): The question is that this bill be now read a second time. I call the ever-efficient member for Makin!

Mr ZAPPIA (Makin) (17:51): I will take the opportunity to speak very briefly on the Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011. As the minister quite rightly has pointed out, this bill is the result of a working party having done some work in respect to the recommendations and the reforms that are obviously being debated today and form the basis of this legislation. Having said that, it was also interesting to listen to the minister's second reading speech and the comments he made in respect to it, because long service leave per se is a matter that this government and our side of politics have been very much in support of for many, many years. In fact, others would and might properly say that here in Australia we have long service provisions that many other countries in the world would dearly like to replicate. At the end of the day, it is all about ensuring that people who work within industries are properly remunerated for their service with those industries, and part of that remuneration comes in the form of long service leave and similar entitlements that go with any employment.

This particular bill does make some key reforms to the black coal mining industry long service leave scheme. These are, as the minister quite rightly pointed out, important reforms that have been developed by the industry working party and, as I understand it, have the support of key employer and employee associations in the coalmining industry. I think that that is an important point that we need to make: the reforms do have the support of both employers and employees. It is not often that we see that being the case. In fact, all too often we see conflict between the employer and the employees in terms of what they believe is fair and appropriate compensation. But, in this case, it seems that we do have agreement between both parties, and that is commendable. It is commendable because it is my view and always has been my view that, where you get cooperation between employers and employees, you ultimately get the best outcomes.

I note that, in some European countries, many companies have embraced that principle in a very strong way, where they have tried to come up with a structure for their industries whereby the employees share in any profits that are made by the employer. It seems to me that, if we could replicate that in Australia—more so than what is currently the case—it might be a good thing both for the profitability of the companies and for industrial relations more broadly and more generally. These reforms include a legislated minimum long service leave entitlement; an improved approach to how long the service leave levy is imposed, to more closely align amounts paid into the fund with reimbursement amounts; a greater compliance role for the Coal Mining Industry (Long Service Leave Funding) Corporation; minor changes to the structure and representation of the Coalmining Industry (Long Service Leave Funding) Corporation board; and transitional arrangements to facilitate the transition from the award long service leave rules to the new statutory entitlement rules. The changes benefit both employers and employees, as I have said, and are vital to the ongoing success of this industry.

The last point I would simply make about this matter is that right now, as I speak, we are debating the minerals resources rent tax in the other chamber. One issue that is absolutely relevant to that debate is that it applies to both the coal and iron ore industry sectors. It has also been alleged by speakers opposite, time and time again, that the future of the coal industry will in fact be impacted as a result of policies that this government is introducing. I
just want to make the point that that certainly does not seem to be the case from my observations and from the investments that have been brought to the House's attention only in recent months. In fact, quite the opposite seems to be occurring. But, more importantly, to have this legislation coming through the parliament at the same time as those claims are being made I believe is quite significant and, quite frankly, highlights that the views being expressed by members opposite about the possible damage to the coal industry as a result of the other legislation are simply not borne out by the representatives of the coal industry themselves.

As I said, I wanted to make some brief points about and comments on the bill. Having done that, I commend the bill to the House.

The DEPUTY SPEAKER (Ms AE Burke): Can I thank the member for the assistance in the Main Committee this afternoon.

Mr CHRISTENSEN (Dawson) (17:57): In addressing the Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011 I note that there is broad industry and union support for the legislation. I, too, am happy to support this bill and associate myself with the minister's remarks. This legislation presents a fair outcome for the people who dedicate their working lives to what is a very tough occupation. I am proud to say not only that coalmining is in my family, with both a brother and a brother-in-law working as miners in the industry, but that my electorate of Dawson also has a substantial part of its population working in the coalmines in the Bowen Basin.

The enduring image of a coalminer with hard hat and blackened face is still a pretty valid stereotype. Although coalminers use different methods today, it can still be a demanding way to earn a living. Today's coalminers still endure long working days; in fact, today's coalminers still endure long working weeks. Today's coalminers endure hard physical work. They often spend many days, weeks or even months away from family and friends. The money is often very good but, unfortunately, too much attention is paid to the monetary rewards and too little attention is given to what coalminers endure—what they forgo, what they miss out on—and what they contribute to our economy and our lifestyle.

Just as the booming coalmines of the Bowen Basin have shaped the national economy, the coalminers who work in those mines have shaped the economies of regions which support the resources industry, like Mackay. Some of the changes to our economy present us with challenges; there is no doubt about that. For most, however, the booming regional economy is very much welcome. It is welcomed by most people, except perhaps for the Greens. If there is one thing the Greens cannot stand it is someone who works hard and makes a good living, and the Greens will stop at nothing to destroy the coalmining industry, other mining industries and all other endeavours that allow hard workers to earn more than a part-time basketweaver would. If the economic vandals in the Greens had their way, a very high proportion of Central and North Queensland residents would be earning less than a part-time basketweaver—a lot less. With such a high percentage of people still employed in the coal industry, the culture of regions like Mackay changes to suit. Lifestyles and families are forced to adjust to the demands of shift work. The demands of working seven days on and seven days off, the demands of working night shifts and rotating rosters are incorporated into how a family lives and how the regional community provides assistance and services to those families. We are blessed to be part of the boom in the Mackay region and in Dawson, but we should keep those
issues in mind, as well as the fact that coalmining is demanding work. It is a legitimate occupation, despite what the Greens contend, as is any other type of work in the coalmining industry and the resources sector.

These workers deserve equitable access to long service entitlements. It is important that these workers be entitled to long service leave on the basis of service in the industry rather than service with a particular employer, given the nature of shift and transience within the industry. Under the Howard government, in 1999 an industry scheme was established to support funding of long service leave entitlements. I am pleased to say that this bill ensures continued fair access to long service leave entitlements for workers in the coalmining industry. I commend the bill to the House and am glad that it has bipartisan support.

Ms LIVERMORE (Capricornia) (18:01): I rise to support the Coal Mining Industry (Long Service Leave) Legislation Amendment Bill 2011. This bill will deliver key reforms to the coalmining industry's long service leave arrangements and ensure that industry employees are given a fairer, more flexible provision to obtain their long service leave. On coming to office, the government moved quickly to ensure that legislation was passed in 2009 to ensure that long service leave arrangements for coalminers contained in industry awards were preserved in the transition to the new Fair Work system of modern awards. We did that to preserve and remove from any doubt a secure system for recognising and paying long service leave accrued by workers in the black coal mining industry.

There was a recognition then, however, that the 2009 legislation, while a necessary minimum to have in place in time for the 2010 transition to modern awards, would need to be revisited to transform the award entitlement to a statutory entitlement to long service leave and to address other concerns. The bill we are debating today picks up on those matters, which could not be fully addressed in time for the 2009 act. This bill provides amendments to four acts relating to the coalmining industry's long service leave arrangements and includes fairer provisions for qualifying for long service leave for employees, better arrangements for employers to access the scheme and minor amendments to the structure of the Long Service Leave Funding Corporation.

As we have heard from other speakers in the debate, the coal industry has a unique set of arrangements for the accrual and payment of long service leave entitlements, dating back to 1949. Coalmining has a long history in this country. It is a history characterised by miners seeking to improve their working conditions through determined negotiation and at times industrial action. Hard-fought gains, such as portable long service leave, should be given every protection and should continue to be updated, as we are doing here this afternoon, so that their application keeps pace with changes in the industry.

I am pleased to say that with the passage of the 2009 act the government guaranteed the continuation of those longstanding long service leave arrangements in the black-coal mining industry. That was important, because the long service leave arrangements developed for the industry addressed the specific circumstances of coalmining and sought to give miners similar entitlements and protections to those of workers in other industries. For very good reason, coalmining industry employees are entitled to transferable long service leave based on their time in the industry, not their time with an individual employer. Mobility of the workforce has always been a feature of the coalmining industry, and the ever-increasing demand for skilled and experienced miners will make it even more likely that miners will move from mine to
mine and from employer to employer as opportunities open up for them. The long service leave scheme was designed to accommodate this mobility as well as to protect the entitlements in the event of company insolvency. It is not so much of a problem today but was certainly a real concern at earlier times in the industry's development.

Under the coal industry long service leave scheme, funding for long service leave is maintained by an industry scheme created by the Coal Mining Industry (Long Service Leave Funding) Act 1992 and related legislation. Since 1993 the funding of long service leave entitlements has been through an employer levy scheme and has been administered by the Coal Mining Industry (Long Service Leave Funding) Corporation. Under the Coal Mining Industry (Long Service Leave Funding) Act 1992 employers are reimbursed from the Coal Mining Industry (Long Service Leave Funding) Fund for any long service leave payments they make to an eligible employee.

The preservation of existing award based entitlements to portable long service leave in the black-coal mining industry and the administrative arrangements to support it were a priority for those in the industry at the time parliament passed the 2009 bill. Since then there has been a concerted effort by those from across the industry to come to agreement on outstanding matters. This bill gives effect to proposals developed by an industry working party to further improve the operation of portable long service leave. This has been a collaborative approach and credit goes to the many industry leaders and representatives who demonstrated their commitment to the future success of this important and unique long service leave scheme, among them the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union, the Queensland Resources Council, the Mine Managers Association of Australia and a number of other trade unions representing workers in the coal industry. The changes put forward by this group and adopted by the government benefit both employers and employees in the industry.

Employees in the black-coal mining industry now have a legislated minimum long service leave entitlement. Provision is made for all eligible employees, whether full-time, part-time or casual, to accrue long service leave in the mining industry. An eligible employee will be entitled to long service leave of up to 13 weeks when they have completed a period or periods of qualifying service totalling eight years or more. As the member for Dawson described, coalminers certainly earn that long service leave in the work they do and the very long shifts they work. A new rule for calculating qualifying service will mean that employees will be able to have their service recognised when there are breaks in service. The eight years of qualifying service can be calculated as the total number of years of service, with breaks in between, as long as a break does not exceed four continual years.

For employers the bill provides for an improved approach to how the long service leave levy is imposed on them, to more closely align amounts paid into the fund with reimbursement amounts. There is a greater compliance role for the Coal Mining Industry (Long Service Leave Funding) Corporation and change to the structure and representation of the board of directors. All of these amendments go to creating a legislative long service leave entitlement that is backed up by consistent and transparent administrative arrangements so that it works in the interests of employees and employers in the coal industry.

The importance of having that certainty and fairness has been brought home to me by the case of Daniel Vincent, who came to see me earlier this year in Moranbah. Daniel is the kind
of person the coal industry relies on for its success. After serving his apprenticeship he has built a career in the industry working for BMA. Daniel came to see me because he discovered that his time as an apprentice—four years during which he worked hard to learn his trade—was not accredited towards his qualifying service in the coal industry, because at that time he was not employed directly by a coal mining company but instead by a group training organisation, which is a very common occurrence in the industry.

I have brought Daniel's situation to the attention of the workplace relations minister and I continue to correspond with him about it. I am assured by the minister's office that the kind of case that Daniel has described was one that the working group gave consideration to in coming up with these reforms. Consequently, I believe that following the passage of this legislation Daniel will be in a position to ask the corporation to recognise the four years of his apprenticeship as part of his qualifying service in the coal industry for the purposes of accruing his much deserved long service leave. I will continue to work with Daniel, and with the further support of Daniel's union and the minister I hope to get this matter resolved once the legislation comes into effect on 1 January 2012.

This bill is further proof of this government's commitment to the coalmining industry, and particularly the miners—the men and women—of the Bowen Basin, whom I am very proud to represent in this place.

Ms KING (Ballarat—Parliamentary Secretary for Infrastructure and Transport and Parliamentary Secretary for Health and Ageing) (18:09): I thank the members for Makin, Farrer, Dawson and the member for Capricornia for their contributions. I particularly want to acknowledge the member for Capricornia, who has been a very long-standing advocate in this place for the rights of mining workers and represents a number of such people in her electorate. I thank her for bringing the attention of the House to the particular case. It makes it a very real example as to why this bill is necessary. The bill gives effect to proposals developed by an industry working party to reform portable long service leave arrangements in the black coal mining industry. I commend the industry and employee participants on their collaborative approach and their commitment to the future success of the black coal mining industry long service leave scheme. As the minister said at the commencement of this debate, the government is happy to propose these amendments which will benefit both employers and employees in the black coal mining industry. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.

**Offshore Petroleum and Greenhouse Gas Storage Amendment (Significant Incident Directions) Bill 2011**

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Mr IAN MACFARLANE (Groom) (18:11): I rise today to speak on the Offshore Petroleum and Greenhouse Gas Storage Amendment (Significant Incident Directions) Bill 2011. I signal from the outset the coalition's ongoing support of the measures being put in
place in response to the 2009 Montara oil leak and the subsequent commission of inquiry. Incidents of this nature are always intricate and, as a result, the response should be multifaceted. Also as a result, related issues have come before this place several times as the Commonwealth government, the opposition, the state governments and the industry have worked through the details of the national response and how best to implement a suite of measures to safeguard the oil and gas industry, the people who work within it and, just as importantly, the environment in which it operates.

The provisions of this bill are the next step in ensuring Australia’s regulatory regime is as robust as possible, with a clear view to taking all appropriate precautionary measures to prevent such an incident from occurring again. The purpose of the bill is to amend the Offshore Petroleum and Greenhouse Gas Storage Act 2006, the OPGGS Act, to specifically enable the National Offshore Petroleum Safety and Environmental Management Authority, known as NOPSEMA, to issue a direction to a petroleum titleholder in the event of significant offshore petroleum incident occurring within the title area that has caused or might cause an escape of petroleum. The direction would require the titleholder to take an action or not take an action in relation to the escape or possible escape of petroleum and its effects, and may apply either within or outside the titleholder's area.

The bill will therefore insert new provisions into the OPGGS Act that will clearly enable NOPSEMA, as the regulator for the offshore petroleum industry, to issue a direction to a petroleum titleholder if a significant offshore petroleum incident has occurred in the titleholder's area that causes or might cause the escape of petroleum. The direction may, among other things, require the titleholder to take action to prevent or eliminate the escape of petroleum or potential escape of petroleum and/or to mitigate, manage or remediate the effects of an escape of petroleum. The proposed amendment will help ensure that the Commonwealth has the full ability to provide for the remediation of the effects of all escapes of petroleum in the event of an oil spill incident and is one of a number of legislative amendments being introduced to improve the regulation of the offshore petroleum industry following the Montara incident.

This issue has been the subject of an intensive and extended consultation with industry and its representative bodies as part of the Montara investigation. As I have indicated, there is full bipartisan support for the government's response to this incident. Indeed, there is a public expectation that the parliament will take all appropriate and necessary steps to preserve the balance between the important economic sector of the oil and gas exploration and extraction industry and the protection of workers and the environment.

To date Australians have generally viewed the expansion of the gas industry as a positive thing or at the very least have considered it as a benign development that does not adversely affect their own way of life. However, the Montara incident, which I should say was the first incident of its type in Australia for 25 years, and the disaster in the Gulf of Mexico have changed the way offshore oil and gas exploration and development is viewed in Australia. This industry is now subject to a greater level of public scrutiny and concern than ever before. But this intensified scrutiny is not something the industry or the government should shy away from. Rather it is an opportunity to enhance an industry that is fundamental to the energy and resources sector. Just as people are more aware of the nature of the oil and gas exploration and extraction industries, they are also increasingly aware of the scale of the projects, the
level of investment they attract, the economic benefits and the job opportunities they create. Thousands of jobs and billions of dollars of investment are at stake, which is why it is essential to get things right.

In the wake of the Montara and Gulf of Mexico spills there is a compelling need for improvements to the regulation and oversight in the offshore oil and gas industries both here and globally. The response of the parliament should be guided by the fact that the public demand and deserve to have the confidence that authorities responsible for the oil and gas sector and the wider resources industry in general are able to perform. Offshore exploration and drilling is something that is essential to Australia's future and to our economic growth but also to our energy supplies. It will continue to play that fundamental role, which is why a solid and comprehensive national framework for regulation and response is absolutely essential.

As I have made clear, the coalition supports the government in making sure that a robust and reliable set of measures is put in place to regulate the offshore oil and gas sector. The objective is not to unnecessarily shackle the sector but to ensure that it can grow and develop in a way that does not harm the workers in the industry nor the environment. The coalition have taken a cooperative and constructive approach to this issue and on this issue at least so has the government. That is why the coalition will support the government on this measure. I commend the bill to the House.

Mr PERRETT (Moreton) (18:18): It is always a pleasure to speak after the member for Groom and with you in the chair, Mr Deputy Speaker Sidebottom. I am pleased to rise in support of the Offshore Petroleum and Greenhouse Gas Storage Amendment (Significant Incident Directions) Bill 2011.

Around 95 per cent of Australia's petroleum resources are found offshore and some of it has been found offshore from the member for Corangamite's electorate. The search for oil offshore is very difficult, very expensive and often fruitless but it is obviously vitally important to our economy. And it is dangerous work, as anyone who has been to an offshore oil rig knows. That is why the isolated workers who work on these rigs are appropriately remunerated for that extra risk.

Since 1965, 3,000 oil and gas wells have been drilled in Australian offshore waters. During the last 15 years we have averaged about 110 new wells drilled offshore per year. It is difficult and very complicated work and I commend the incredible expertise of our miners, drillers, offshore engineers and the like and the people who support them. The industry employs about 11,000 people and generates more than $22 billion in export income. Australia is the world's fourth-largest LNG exporter and in 2009 produced 559,000 barrels per day of crude oil. Australia also has an excellent safety record and a strong regulatory framework, but we have not been without incident. Most recently, many people will recall the Montara oil spill. Back in August 2009, petrochemicals began spewing into the Timor Sea from the West Atlas rig off the Western Australian coast. For more than 10 long weeks, the well leaked at least 400 barrels of crude oil and gas every day. The well owner, PTTP Australasia, finally plugged the leak by pumping 3,400 barrels of heavy mud down a relief well. Last year, in the United States, that shoreline also faced a major offshore disaster with the BP oil spill in the Gulf of Mexico, when 11 men were killed in an explosion and oil leaked from the well for three months. It is estimated that at least 4.9 million barrels of oil leaked into the Gulf of Mexico.
The risks in this very important industry are high and any major incident can cause significant harm to people and the marine and coastal environment. While Australia's offshore industry has a very good reputation, world leaders in fact when it comes to safety, we must do whatever we can to further minimise the risk in such a highly hazardous industry. After the two significant spills in the United States and in Australia that I previously mentioned, the community needs greater confidence in the industry to undertake offshore petroleum exploration in a safe way. Our marine and coastal environments are especially vulnerable to major oil leaks and we must do whatever we can to prevent these events. I note when looking at the North West Shelf particularly, the north-west area, that only about one per cent of this area has highly protected marine sanctuaries. The east coast of Australia, obviously with the Great Barrier Reef and down around Tasmania, has many more protected marine sanctuaries. Whilst it is not the Minister for Mines and Resources' job to look after these, I am sure he would agree that this is a very special region and more needs to be protected with marine sanctuaries. At the same time, it complements the safety legislation that we have before the chamber tonight.

This bill amends the Offshore Petroleum and Greenhouse Gas Storage Act to enable the National Offshore Petroleum Safety and Environmental Management Authority to better respond to significant offshore petroleum incidents. It empowers the authority to direct a petroleum titleholder to take action in relation to the escape or possible escape of petroleum. These actions include steps to prevent, to mitigate, to manage or to clean up the effects of a petroleum spill. The current powers available to the authority only concern power to direct actions within the titleholder's title area. Obviously, currents being what they are, if there was an incident again, the pollution would not be confined to the title area. This amendment will ensure that titleholders will be held responsible for cleaning up damage beyond the title area—all of the damage. This bill makes certain that if a significant event occurs, such as the uncontrolled leak of oil into the ocean, the offshore petroleum regulator, the independent referee, has a clear and unambiguous power to direct petroleum titleholders to clean up and remedy the impacts of a petroleum leak. These new powers also come with tough enforcement muscle. Failure of a petroleum titleholder to comply with a direction will be an offence under the Offshore Petroleum and Greenhouse Gas Storage Act. However, I would suggest to the minister that the penalties should be higher on top of the actual making good.

The measures in this bill give the community greater confidence in the safety of the offshore petroleum industry and they will ensure greater protections for the marine environment and complement the work of environment minister Tony Burke in terms of making sure the marine areas surrounding Australia are as pristine as possible. I commend the bill to the House.

Mr ZAPPIA (Makin) (18:24): I will speak briefly on this bill, because in fact it is a matter that I spoke on in the House only yesterday, when I presented the advisory report on the Offshore Petroleum and Greenhouse Gas Storage Amendment (Significant Incident Directions) Bill 2011 to the House after the Standing Committee on Climate Change, Environment and the Arts had in fact inquired into this bill because it had been referred to the committee for inquiry. So most of what I need to say I said when I was presenting that report. But I just want to highlight a couple of matters in relation to it. Firstly, this bill arises as a result of both the Productivity Commission report and the commission of inquiry into the
Montara incident. Both those reports recommended the establishment of a single national regulator to regulate offshore mining operations in this country. Both the member for Groom and the member for Moreton, I believe, have quite adequately talked about the importance of this mining sector to our nation, and there is no question that it is important and that it is growing. But both of them also, quite rightly, highlighted that not only are there huge opportunities in respect of offshore mining but there are also huge risks attached to those opportunities. Again, they referred to both the Montara incident and the incident in the Gulf of Mexico only a couple of years ago. Both of them highlighted not only the risks that are there but also the damage that can be caused as a result of those incidents not being properly managed at the time. The damage was indeed extensive in both cases and more so in the Gulf of Mexico incident where the livelihoods of the local fishermen were affected for a long time after those events and perhaps are still being affected as a result of damage to the fish breeding in the area.

This bill is one of five bills which are associated with amending the Offshore Petroleum and Greenhouse Gas Storage Act 2006. It responds to those matters and responds to them in a way which I believe in the future will ensure that, when an incident does occur, it will indeed be much better managed and much clearer directions will be issued in the shortest possible time. The shortest possible time is of significance because sometimes, when these incidents occur, time is of the essence and each day of delay causes additional damage. As we saw with Montara, each day of delay in plugging the well was adding to the damage being caused.

I want to finish by talking about one matter that was brought to the attention of the committee in the course of its inquiry and that is the submission from the Western Australian Department of Mines and Petroleum. The Western Australian government believed that having a statutory authority managing the process was not necessarily the best way to do it and that perhaps it should have been a Commonwealth minister or that there should have been a joint arrangement between the Commonwealth and the state ministries.

The committee wrote to the Department of Resources, Energy and Tourism in respect to that very matter. I want to read into the Hansard the response that is relevant to this particular matter because it was, in my view, the only issue of any significance that was brought to the committee's attention in the course of the inquiry. The department, quite rightly and I think quite properly, pointed out as follows:

The Commonwealth considers NOPSEMA, as the regulator for the offshore petroleum industry, the most appropriate body to determine whether a significant offshore petroleum incident has occurred and whether a direction is required. As the day-to-day regulator for the safety and environmental matters, and also for structural integrity of facilities and wells, NOPSEMA will have expertise in understanding potential risks to environment and human health and safety that may result from an incident, and actions that may be required to prevent, as far as possible, significant impacts from such an incident.

I would also note that there are provisions in the OPGGS Act that establish accountability of NOPSEMA to the responsible Commonwealth Minister.

It goes on to talk about how the responsible Commonwealth minister can in fact issue directions if the need arises. Having responded to that submission from the Western Australian government, I support the bill in its current form. On behalf of the committee that inquired into it, I feel comfortable in saying that the bill should be supported by the parliament.
Mr MARTIN FERGUSON (Batman—Minister for Resources and Energy and Minister for Tourism) (18:29): I welcome the opportunity to say a few comments on behalf of the government in response to the contributions to this brief but all-important debate on the Offshore Petroleum and Greenhouse Gas Storage Amendment (Significant Incident Directions) Bill 2011. I extend my appreciation to the members for Groom, Moreton and Makin for their valuable contributions and their thorough understanding of the importance of this bill.

The bill delivers on the Australian government's commitment to improving the protection of human health and safety and the protection of the marine environment to ensure that Australia's offshore petroleum industry is the best and safest in the world and is able to contribute to Australia's ongoing energy security and economic prosperity.

Following the uncontrolled release of the hydrocarbons from the Montara Wellhead Platform in August 2009, which has been referred to by all those who have contributed to the debate, it became evident to the Commonwealth that a clear and specific power is required in the event of a significant offshore petroleum incident resulting in the escape or possible escape of petroleum to enable the regulator to give directions to a petroleum titleholder to deal with the escape of petroleum and the effects of that escape. In particular, a direction would require action to be taken either within or outside the title area.

This bill will therefore amend the Offshore Petroleum and Greenhouse Gas Storage Act 2006 to specifically enable the National Offshore Petroleum Safety and Environmental Management Administrator to issue directions of this nature. This will provide a clear legal basis on which to issue directions following a significant offshore petroleum incident that extends to requiring action outside the title area.

With those few words, can I not only commend the bill to the House but also clearly indicate that great progress has been made with respect to the establishment of a single national regulator, side by side with the formation of NOPTA, the National Offshore Petroleum Titles Authority, in Perth, with effect from 1 January 2012.

I extend my appreciation to my department, to NOPSA and to the industry for their valuable support, enabling us to make great progress over a very short period following the Montara incident. I am very mindful of the need for a strong regulatory environment and therefore I am confident that, from 1 January 2012, NOPSEMA, the new agency in place with extended responsibilities, together with an additional person appointed to the advisory board with special skills with respect to environmental management, we will potentially be better placed than we have previously been to handle similar incidents to Montara. Obviously, our objective is to avoid another incident similar to Montara, but I think we have a strong regulatory environment in place to ensure that we achieve that objective. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Ordered that this bill be reported to the House without amendment.
Debate resumed on the motion:
That the House take note of the document.

Mr CLARE (Blaxland—Minister for Defence Materiel) (18:33): As I was saying before the debate was interrupted yesterday: there is a lot more to do, particularly in the area of countering the threats posed by IEDs, improvised explosive devices, or homemade bombs that the Taliban dig into dirt roads and plant on pathways. In September this year the Minister for Defence and I announced an agreement with the Canadian government to loan three new IED clearance systems. These systems include two Husky vehicles. They are protected mobility vehicles, fitted with ground-penetrating radars that drive at the front of convoys to detect IEDs that are buried in the road. The systems also include one Buffalo mine resistant ambush protected vehicle, which is fitted with an interrogation arm and a Girocam camera to help our combat engineers defuse IEDs more safely. These vehicles are on loan, and they will be on loan for about 12 months from the beginning of 2012. Work is also underway to assess the possible acquisition of a permanent system for Defence. We are also rolling out a new, unmanned aerial vehicle system in Afghanistan called Shadow 200 and Diggerworks, during the course of next year, will also roll out more equipment to assist and protect our troops.

War is never popular, and we should not expect it to be. It is understandable that when an Australian soldier is killed or injured we will question why we are there. This debate is an important opportunity to remind the Australian community why we are there, what we are doing and the progress we are making. We are there to make a dangerous place safer, both for the people who live there and for those who do not. As I said in this debate last year, we cannot pretend that what happens in Afghanistan does not affect us here in Australia. It does, and because it does it is right that we are there. The work our troops are doing in Afghanistan makes us all safer. That is something we should all keep in mind this Christmas as the sun shines over us and the snow falls over the men and women who do this work in our name.

Mrs GRIGGS (Solomon) (18:36): The coalition supports the continuing deployment of Australian forces in Afghanistan. Such actions focus on defeating the threat of terrorism at its source. I have in the past stated in this place that I support the role of our troops in Afghanistan. As an Australian I am grateful for their commitment and service to our country. With Christmas now only five weeks away it is important for all of us to spare a thought for our troops currently serving overseas, particularly those who will not be home with their families this festive season. Many military wives and partners have expressed to me the importance of showing support for our troops. This is seen as a means by which we honour and pay tribute to our soldiers. Our support to those families must be equally unconditional and we must provide to them as much support as they require.

Sadly, we must also remember the families and friends of the 32 brave Australian soldiers who have paid the ultimate sacrifice since our troops commenced service in Afghanistan in 2001. These families celebrate the festive season with heavy hearts, but in some small way I hope the recognition generated from this House offers a degree of support and recognition for them at this time of the year. Additionally, it would be remiss of me not to mention the 213 brave members of our armed services who have been wounded as a result of action in
Afghanistan and the families who struggle daily to deal with the ongoing impacts as a result of this war on terrorism.

My electorate has a significant military presence and I take great pride in representing these fine service personnel. I take every opportunity to visit and talk with our service men and women. I listen to their views and concerns, particularly in terms of our ongoing presence in Afghanistan. The consensus, at least in my electorate, is that our role within the Afghan theatre is of vital importance. Our troops tell me about the pride they feel and the value they see in maintaining our presence until the time is right to withdraw.

We as a nation train our troops to take on the roles of warrior and reformer in places outside our own borders. Afghanistan is one such place. Not willing to walk away when the going gets tough, our troops tell me of the importance they feel in applying the training and skills they have gained to overseas deployments. I cannot tell you how many times I have heard the footy analogy on this particular issue: you are part of a footy team, you train hard, you develop skills, you learn to work as a team and you learn the game plan but you do not get the chance to play or you remain on the bench. That is why they say to me that it is really important that they go to Afghanistan. This is the same feeling many soldiers have about not being able to put their training to use in overseas deployments. Australian troops reflect the values of our great nation. The work they undertake is demanding and is conducted in dangerous circumstances. The countryside is harsh and inhospitable; the weather is much the same. The rules of engagement are limiting and the enemy resilient. I believe our defence forces are the most highly trained, highly skilled and highly committed and are highly dedicated to the task confronting them. We—and I include New Zealand—have the only defence forces who demonstrate the tenacity and spirit that we citizens outside of the military recognise and relate to: what we call the qualities of the digger and the ANZAC.

Afghanistan has long been a training ground for terrorism through the presence of terrorist training camps and providing a safe haven for terrorist leaders. Australian citizens have not escaped the reach of terrorism. Close to 100 Australians have been killed as a direct result of terrorist activities around the world directed from terrorist safe havens in the mountains of Afghanistan. Some of these attacks have been close to our shores, particularly my electorate of Solomon, including Bali in October 2002, the Australian Embassy in Jakarta in September 2004, Jimbaran Bay and Kuta in Bali in October 2005, and the Marriott and Ritz-Carlton hotel bombings in Jakarta in 2009. September 11 this year marked the 10th anniversary of the attacks in America which killed 2,977 people from 90 different nations. Eleven Australians lost their lives on that day. The anniversary was and continues to be a sober reminder of why our troops must remain in Afghanistan and why we must remain vigilant about international terrorism.

The coalition support strategies whereby, firstly, the joint forces stop Afghanistan from being a training ground and base for operations for al-Qaeda and other terrorist organisations. Secondly, we support strategies to stabilise the Afghan state whereby Afghans can achieve self-determination. Achieving this goal will be through a combination of civil, police and military training for local Afghans.

Purely in terms of numbers, Australia's commitment to Afghanistan is modest at 1,550 troops in comparison to other countries. With responsibility for security in a province that has long been the heartland of the Taliban, our troops demonstrate the values of this great nation.
and have gained the respect of troops from other nations serving alongside them. Operating within Oruzgan province, mentoring the 4th Afghan brigade has been challenging and without incident. Sadly, though, several of our soldiers have paid with their lives the price of training local Afghans to take up responsibility for their own security and self-determination. Our troops willingly take on the task of helping to define a place where safety and security are paramount to its people, a place where reprisals and retaliation, and control by the Taliban and other criminal elements will become a thing of the past. In September 2010, General Petraeus, the top NATO commander in Afghanistan at the time, described the fight as:

... very difficult and sometimes—seeming to be as slow as, again, watching grass grow or paint dry. But nonetheless—progress.

I believe these words address the very essence of our troop deployment and their retention in Afghanistan. Australia undertook the role of providing troops in this conflict for the long term, with the goal of ensuring that when we pulled out we left things far better than they were when we went in. Our troops see this as the defining path of our deployment: the job is not complete until that goal is met. To take any other path would be to walk away. Australians—and in particular our Aussie diggers—do not walk away without completing the job. History repeats the story over and over and over again.

In short, our troops remain committed to their role. Our mission is yet to be fulfilled, but progress is being made. The way ahead is not clear in terms of a definable time line for our deployment to Afghanistan, but we do move slowly towards this goal. I support the retention of our troops in this conflict until such time as we reach and fulfil our goal—at which time we can withdraw and bring our troops home.

I reiterate the importance of recognising our troops and showing them that the people back home are well aware of the work they are doing and appreciate their efforts and commitment. As a small gesture of recognition in my own electorate I have been arranging through my office to send Christmas care packages to our troops currently serving overseas. The appreciation felt by those recipients last year was overwhelming. Many returning troops and families spoke about their gratitude for the small expression of thanks, often from complete strangers. Also, the small gifts—a touch of home—really hit a nerve and in some instances brought great joy to the local Afghan kids. I wish all the troops currently serving overseas a very safe Christmas and pray that the new year brings a speedy resolution to this ongoing deployment so that they may fulfil their obligations and return home safely.

Mr DANBY (Melbourne Ports) (18:46): I arrive at this place after a great deal of confusion, but I am here nonetheless, to speak on something that is very important and to follow the Prime Minister in her very serious report to the parliament on Afghanistan and in keeping the pledge to the Australian people that we would continue to do that. Julia Gillard said yesterday that we will complete our mission of training and transition. She is right to reaffirm Australia’s role in rebuilding Afghanistan and outline the fact that our role in training the Afghan 4th Brigade is going well.

I am not sure whether people picked up the significance of her forecast that the training of the Afghan 4th Kandak, or Brigade, may be completed before 2014. She made reference to the despicable and cowardly attacks on the Australian trainers by rogue elements of the Afghan National Army. We had the very peculiar reference by the local Brigadier General Mohammed Zafar Khan, saying that he would be happy for the Australian troops to leave
immediately. It is something that I believe the Afghan government has cleared up, but I believe it is more related to a desire to have access to all the equipment that the Australians would leave, allegedly, to him if they were to depart immediately.

The purpose of this effort, as the Prime Minister outlined, is to see that Afghanistan is not re-established as a base for terrorists and to give evidence of our close alliance with the United States. Our recent VC recipient, Corporal Roberts-Smith, memorably described a counterterrorist mission on AM some weeks ago. He said:

I believe that we—

that is, the soldiers fighting in Afghanistan on Australia's behalf—

are making a difference in stemming the flow of terrorism into Australia, and I want my children to be able to live as everyone does now without fear of getting onto a bus and having it blow up.

That is a corporal in the Australian Army speaking on national radio with such a clear understanding of the mission.

Our role in counterinsurgency in training the Afghan 4th Kandak is obviously dangerous. We lost those three young fellows who were machine-gunned while they were at the end of a parade. They were helping the Afghan security services. The training is going well, as the Prime Minister suggested—and the Australian Army does too. We have been able to hand over 11 patrol and forward bases to the Afghan army. The Prime Minister said there should be no safe haven for terrorists in Afghanistan. The operations undertaken in Oruzgan and the southern province of Kandahar are enormously important for the battle against the Taliban. Earlier this year Australian and Afghan troops removed vast quantities of explosives—a topic I will return to in a minute—including an insurgents' cache of over 400 kilograms of explosives and 22 ready-to-use IEDs that were discovered. The Australian people do not want to continue sacrificing our blood and treasure in Afghanistan forever, but it is due to the sustained heroism of our soldiers that we have been able to fulfil this important political task.

As the Prime Minister said, we will probably continue to have counterinsurgency special forces there even after the, hopefully, early withdrawal when the 4th Kandak can be stood up and left alone to control Oruzgan province.

Our work in Afghanistan is not the only role we are playing in the region. The Prime Minister mentioned we cooperate with Pakistan in counterterrorism, but Pakistan must do more to counter and fight terrorism within itself, on its border with Afghanistan and in Afghanistan. Every serious person concerned with national security would have been flabbergasted at the famous denunciation of Pakistan by Admiral Mike Mullen, the retiring head of the Joint Chiefs of Staff, who said that the Haqqani network, which is one of the terrorist networks, acts as 'a veritable arm of Pakistan's Inter-Services Intelligence agency'. Worse is the evidence I have seen, which can only have come from the highest sources and which I urge every serious member of this parliament to read, in the December issue of Atlantic Monthly which outlines the rationale behind Admiral Mullen's remarks. The article said:

The September 13 raid on the American Embassy and NATO headquarters in Kabul—in which Haqqani insurgents besieged the compound with guns and rocket-propelled grenades, killing at least 16 people—had shocked the Joint Chiefs. … the American Ambassador in Afghanistan, "had to spend 18 hours in a bunker to keep himself alive," this source said. "Imagine what would have happened if he had been killed."
This is by a terrorist group run by Pakistan, and I say that with full seriousness. This is an ally of the United States and Australia, a country which gets $2 billion of American taxpayers' money and $119 million of ours. The leaders of Lashkar-e-Taiba live openly in Pakistan. It is outrageous that Pakistan allows explosive factories in Lahore to be the major source of the explosives in improvised explosive devices. Let me repeat that: Pakistan, a country which receives $119 million of Australian foreign aid, provides explosives from its factories to kill Australians and Americans. As the Prime Minister said yesterday, it is in the interests of Afghanistan, Australia and our coalition partners to have Pakistan counter terrorists in the region. That is very much the case because, as the article in the Atlantic Monthly says:

Most of the world … is very anxious about the security of Pakistan’s nuclear weapons, and for good reason: Pakistan is an unstable and violent country located at the epicenter of global jihadism and it has been the foremost supplier of nuclear technology to such rogue states such as Iran and North Korea. It is perfectly sensible to believe that Pakistan may not be the safest place on Earth—

to warehouse 100 or more nuclear weapons. These weapons are stored on bases and in facilities spread across the country (possibly including one within several miles of Abbottabad, a city that, in addition to having hosted Osama bin Laden, is the home to many partisans of the jihadist group Harakat-ul-Mujahideen.) Western leaders have stated that a paramount goal of their counterterrorism efforts to keep nuclear weapons out of the hands of jihadists.

If there is any place on earth where we have that as a primary concern it is in Pakistan. Since Admiral Mullen made his very judicious, strong and, I would say, very important statement, something strange has happened in Pakistan according to this extremely well-informed Atlantic Monthly article:

… instead of moving nuclear material in armored, well-defended convoys—

The Pakistani military nuclear organisation—

prefers to move material by subterfuge—

To confuse the Americans—

in civilian-style vehicles without noticeable defenses, in the regular flow of traffic. According to both Pakistani and American sources, vans with a modest security profile are sometimes the preferred conveyance. And according to a senior U.S. intelligence official, the Pakistanis have begun using this low-security method to transfer not merely the “de-mated” component nuclear parts—

That is, the different parts that you need to put together before you can assemble them as a nuclear weapon—

but “mated” nuclear weapons.

What this means, in essence, is this: In a country that is home to the harshest variants of Muslim fundamentalism, and to the headquarters of the organizations that espouse these extremist ideologies, including al-Qaeda, the Haqqani network, and Lashkar-e-Taiba (which conducted the devastating terror attacks on Mumbai three years ago that killed nearly 200 civilians)—

Including two Australian civilians—

nuclear bombs capable of destroying entire cities are transported in delivery vans on congested and dangerous roads … In other words, the Pakistani government is willing to make nuclear weapons more vulnerable to theft by jihadists simply to hide them from the United States …
Because of the raid that killed Osama bin Laden. No wonder the Prime Minister said what she did about Pakistan yesterday in the parliament. I understand that she attracted some criticism because of that from Pakistani authorities. I tell you, Mr Deputy Speaker, if the rest of the parliament had read this article 'The Ally from Hell', people on both sides of the parliament would have been cheering behind her. I know the opposition is just as responsible as we are. This is a terrible indictment of the government of Pakistan. It is very worrying for any person seriously involved in national security and it is intolerable for Australia to have a group called Lashkar-e-Taiba, which has been repeatedly involved in terrorist missions into Australia. I would suggest that, if you look at the five sets of people who have been arrested, charged and convicted in Australia of terrorist crimes, you would find that all of them have a Lashkar-e-Taiba training connection.

Worse than that were the two Australians who were among the 200 people tragically killed in that disgusting terrorist attack on the beautiful Indian city of Mumbai, the symbol of India's progress and commerce and modernity—something that these people who prefer to live in the sixth century obviously detest. We as Australians warmly welcome India's movement into the modern world and good relations with our country.

I conclude by saying that a withdrawal from Oruzgan province, despite the local politically rogue Afghan brigadier, would leave a security vacuum at this moment. That is not in our national interest or in the interests of our coalition partners. To the families of those who have lost loved ones in Afghanistan I say this: your sacrifices have not been for nothing. We honour them by making the ultimate sacrifice in defending democracy, human rights and the rule of law. At the tragic death of one of the boys killed in Afghanistan, Greg Sher, then defence minister Joel Fitzgibbon asked me to be in contact with his family. I have been in constant contact with his parents, Felix and Yvonne, since his passing. Having to attend the ramp ceremony with all of his mates when his body was brought off the Hercules is the worst experience I have had as a member of parliament. Some of his mates were still in their camouflage uniforms and had grown beards so that they would be less observable in situ in Afghanistan.

Australia would not be a democracy today if it were not for the service men and women who fought and continue to fight in our uniform. We pay tribute to all of those who have served and still do serve in our armed services and we pay tribute to our allies who have served with us. We thank them for their sacrifice and know that we live in a free and democratic society because of them.

As chairman of the Joint Standing Committee on Foreign Affairs, Defence and Trade I will not let up on the Pakistanis until we get to the bottom of the fact that it seems they are training people who are not only murdering Australian servicemen but are trying to penetrate Australia and become involved in terrorist activities. Their government knows where explosives factories are that have produced explosives used in IEDs that have killed Australian servicemen.

I congratulate the Prime Minister on her judicious words yesterday. Yes, we will continue the mission in Afghanistan until we can get the Afghan 4th Brigade up and standing, and then leave as soon as possible. We must also be conscious—*(Time expired)*

Mr McCormack (Riverina) (19:01): I endorse the remarks of the member for Melbourne Ports. A good speech. Now is not the time to cut and run from Afghanistan. This
is a long campaign and it has been a tough mission. It is a difficult time and it will continue to be so. Nothing worth doing is ever easy.

Australia has paid a high price for its involvement. We lost 11 diggers in 2011, our deadliest year since 1970, when we lost 40 of our finest in the Vietnam War. Since Australia joined Operation Enduring Freedom in Afghanistan in October 2001, in response to the September 11 terrorist attacks, we have lost 32 diggers: Sergeant Andrew Russell, age 33; Trooper David Pearce, 41; Sergeant Matthew Locke, 33; Private Luke Worsley, 26; Lance Corporal Jason Marks, 27; Signaller Sean McCarthy, 25; Lieutenant Michael Fussell, 25; Private Gregory Sher, 30; Corporal Mathew Hopkins, 21; Sergeant Brett Till, 31; Private Benjamin Ranaudo, 22; Sapper Jacob Moerland, 21; Sapper Darren Smith, 25; Private Scott Palmer, 27; Private Timothy Aplin, 38; Private Benjamin Chuck, 27; Private Nathan Bewes, 23; Trooper Jason Brown, 29; Private Thomas Dale, 21; Private Grant Kirby, 35; Lance Corporal Jared MacKinney, 28; Corporal Richard Atkinson, 22; Sapper Jamie Larcombe, 21; Sergeant Brett Wood, 32; Lance Corporal Andrew Jones, 25; Lieutenant Marcus Case, 27; Sapper Rowan Robinson, 23; Sergeant Todd Langley, 35; Private Matthew Lambert, 26; Captain Bryce Duffy, 26; Corporal Ashley Birt, 22; and Lance Corporal Luke Gavin, 27—an honour roll of heroes. Young lives taken from their family and friends, taken from their colleagues, who have been left to carry on the courageous work.

The 32 killed in action or by rogue Afghans, the very people they were serving to protect and to mentor, were the best of the best, the bravest of the brave. We can ill afford to lose any soldiers. They are not mere numbers for making up a battalion. They are flesh and blood, just like us. They have hopes and dreams, aspirations to start a family or return safely home to their loving partners and children. The 32 who came home, sadly, to be laid to rest fully knew the dangers of their work when they embarked upon their gallant tours of duty. They were made aware of the deadly nature of their occupation when they enlisted. Military training is hard, thorough, disciplined. The officers at Army Recruit Training Centre at Kapooka near Wagga Wagga do a splendid job with raw, would-be privates. They turn them into real soldiers—fighters, combat ready, regimented, as good as any in the world. These are the men and women who will serve on the front line to take the ultimate risk if and when asked by their country. These are the men and women who go willingly and unflinchingly to places and operations of obvious danger. They do so for their country, their comrades and the pursuit of peace. They do so very much with the Anzac spirit burning in their hearts, for they know what is at stake: the fact that they place their own lives on the line but also the fact that a greater good can be achieved.

As the opposition leader grimly reminded us yesterday, we have lost 108 Australian citizens in terrorist attacks in New York, Bali and elsewhere—murderous, unlawful acts which can be linked to the indoctrination, resourcing and training at terrorist bases within Afghanistan. We must stay the course in Afghanistan as a mark of respect for those 108 Australian civilians and to prevent further lives being unnecessarily taken, to be true to the sacrifice made by our fallen soldiers and also by the 213 Australian troops wounded in the decade we have been there. To walk away now would be simply to signal to the Taliban that its perseverance has paid off. As the opposition leader told parliament yesterday in response to the Prime Minister's statement on Afghanistan:

The best exit strategy is to win.
The Leader of the Opposition visited the Australian headquarters at Tarin Kowt just last week to reassure our hardy troops that their work is supported, that the progress they have made is appreciated and that their valour is honoured always. The opposition leader said:

... I am naturally disposed to want to see the Australian armed forces usefully deployed in places where they can make a difference.

Certainly we are making a difference with our 1,550 representatives as part of the 120,000-strong coalition force on the ground. He told our soldiers:

... the important thing is that we do not put you in harm’s way without a good purpose and a reasonable chance of success.

Now, obviously, deploying our military to difficult parts of the world in concert with our major allies is a form of being effective of itself. If we are standing shoulder-to-shoulder with those who matter in the world that is in and of itself a good thing. But we don’t want to be here just because our allies are here. We want to be here because we are doing good work on the ground: that the Afghan soldiers that we are mentoring are becoming more effective, that the Afghan police that we are mentoring are becoming fair-minded and conscious of the ordinary rules of a civil society. We want all of that to be happening because if that’s not happening we’re exposing you to deadly peril without necessarily getting the return that we would like.

The Liberal-National coalition cares deeply about Afghanistan, just as I know the government, too, has a heavy heart about having Australians far from home fighting in a war which is like no other, which has already lasted a decade and for which we have already paid a heavy price. But, as the Prime Minister said yesterday, there can be no safe haven for terrorists, no opportunity for al-Qaeda to establish training camps from which to generate jihadist atrocities against innocent people, and her words were supported by the opposition leader.

Mercifully, thankfully, much progress has been made since 2001. We can be proud that we as a nation, and our military personnel, have contributed mightily to that progress. According to AusAID, Australia’s development assistance program at the national level has achieved the following: support, through the Afghanistan Reconstruction Trust Fund, for the delivery of major national health, educational and rural development programs which have increased school enrolments from around 1 million children in 2001 to more than 7 million today, including 2½ million girls; increased access to basic healthcare services from less than 10 per cent of the population under the Taliban to around 85 per cent today; support of the delivery of more than 45,000 community infrastructure projects in more than 25,000 communities; rehabilitation of more than 10,000 kilometres of rural roads, supporting the employment of hundreds of thousands of local workers; the building of the capacity of four key ministries—health, education, agriculture, and rural rehabilitation and development—through an integrated program of scholarships, targeted training and technical assistance; the training of 60 Afghan master teachers in Malaysia, who in turn have so far trained 168 teacher trainers in Afghanistan; the contribution to improved rural livelihoods through research in wheat and maize productivity, resulting in up to a 50 per cent increase in yields amongst targeted farmers; improvements in rural water supply and sanitation, irrigation, rural infrastructure and access to microfinance; and support for the provision of emergency food supplies and humanitarian assistance for vulnerable and displaced populations in Afghanistan. Australia has also supported the safe return and protection of refugees and mine action programs. In Oruzgan, Australia has supported basic health and hygiene education programs provided to
1,780 primary school students, of whom 34 per cent are girls. Australia has trained 38 interns in areas including public financial management, computing, law and general administration to boost the capacity of the provincial government. It has provided equipment for the trade training school at Tarin Kowt and for the Tarin Kowt Hospital. National programs which AusAID supports have also delivered outcomes in Oruzgan. The achievements of these national multi donor funded programs include the Education Quality Improvement Program, which has built 30 schools, with a further 36 under construction. The basic package of health services has supported a provincial hospital, six community health centres, six basic health centres, a health subcentre and 192 health posts. The Microfinance Investment Support Facility has enabled more than 2,000 members in Oruzgan to access loans.

Significantly, the mastermind of so much terror, Osama bin Laden, was killed in a coalition strike on 2 May this year. Justice will catch up with those who perpetrate evil against free people. It has happened across the world in recent times. Australia, as should be the case, will with bipartisan support be an integral part of continued efforts in Afghanistan and elsewhere to make the world a better place—more peaceful and hopefully free of random terrorist acts which have robbed so many of so much.

Mr OAKESHOTT (Lyne) (19:11): I begin my contribution on the motion to take note of the Prime Minister's statement on Afghanistan by acknowledging the recent visit made by the President of the United States to Australia and the importance of the ongoing alliance between our two countries. I also acknowledge those on the ground serving their country right now, those who have served over the past decade and those who have been wounded or killed over the life of this operation.

I would also like to reaffirm my view on the war in Afghanistan, which is that an explicit and specific exit strategy needs to be articulated as soon as possible and that a process of withdrawal begin between 2012 and 2014. I was pleased by the statement of the Prime Minister. The current publicly stated date for this is 2014 but there was also reference in her speech, as there was in the speech made recently by the Minister for Defence, that the 2014 date may be the outside date required and there may be movement prior to that. I certainly welcome those statements and developments if they can be upheld.

Our commitment comes at a significant emotional and financial cost to all Australians. In financial terms, our strategy in Afghanistan is costing anywhere between $3 billion and $6 billion—and this is at a time when financial austerity measures matter more than they have at most other times. Our 10-year contribution to this war and our open-ended commitment needs to be looked at as to whether it is a cost benefit to our economy not just as a cost benefit to our US alliance or the geopolitical interests of Australia.

In October last year, I rose in this place to acknowledge that after nine years in Afghanistan the lives of 21 Australian troops had been lost, more than 150 soldiers had been injured and at least $6.1 billion of taxpayers' money had been spent. Twelve months later, or 10 years into our commitment, 32 lives have been lost, over 200 soldiers have been injured and there is a projected spend of $2.3 billion over the next financial year, which is on top of the net additional cost of $4.7 billion over the past decade.

The emotional and financial cost of our commitment is escalating exponentially. The issue of Australia's sovereign interest has not diminished and is still at the core of this debate. I assert once again that the time to commence our exit should begin as soon as possible. The
deaths of Australian troops will continue, the financial cost to the taxpayer will continue and the inevitable void and civil unrest that will be left behind will only continue to wait. I again emphasise that we will have to, at some point, accept a lesser democracy than ours and we will have to, at some time, recalibrate to focus on our international obligations to the Asia-Pacific Region, on the many challenges that regional religious extremism and regional terrorism pose, and on what we can and should be doing towards peace and development in our own Asia-Pacific Region.

In June this year, the White House announced that an initial 10,000 troops would be withdrawn from Afghanistan by the end of 2011 and that the full 33,000 troops associated with the surge would be out of Afghanistan by next summer. Further reductions beyond these timings were flagged with the goal of transitioning to Afghan led security by 2014. The 2014 deadline originated from the International Conference on Afghanistan held in Kabul in July 2010, at which the Afghan government determined that ANSF should lead and conduct military operations in all provinces by the end of 2014.

I acknowledge that the Australian defence forces involved in Afghanistan are doing good work in training and mentoring the Afghan National Army 4th Brigade in Oruzgan province to allow their transition to having lead security responsibility for the province; building the capacity of the Afghan National Police to assist with civil policing functions in Oruzgan; helping improve the Afghan government's capacity to deliver core services and generate economic opportunities for its people; and undertaking activities to disrupt insurgent operations and supply routes utilising the Special Operations Task Group. I also acknowledge the statement of Chief of the Defence Force, General David Hurley, to the Senate estimates hearing in October this year that ADF activities continue to disrupt insurgent operations in Afghanistan. However, I make the same point as I did earlier in this speech: at what cost? I again emphasise that I think the time has come for us not to cut and run but to start doing what most of the coalition countries are now doing and work on a strategy for draw-downs of Australian troops for both financial and moral reasons.

I do not accept the argument that Australia would be cutting and running on our own. If you look at what the various coalition countries are doing, you can see that there are activities going on right now that put Australia at the back end of any commitments to withdraw troops. At the moment, our draw-down—depending on whether you listen to the Minister for Defence or the Prime Minister—is for between 2012 and 2014. Looking at other countries, Belgium have now committed to draw down, commencing at the end of this year, with the intention of withdrawing half their personnel by early 2012. Canada withdrew from combat operations in 2011 and are now taking part in the NATO training mission in Afghanistan until the end of 2014. Denmark—and we all celebrated Denmark today—is still on a 2014 deadline, with the government recently stating its determination to hand over to the ANA in 2014. Finland is withdrawing between 2013 and 2016, conditional on Afghan forces' ability to take over, with the government assessing this month whether to change that. In France, President Sarkozy announced in June this year that there would be a phased withdrawal plan, with French personnel being gradually withdrawn, with possible completion by the end of 2013. He withdrew 200 personnel during October and will withdraw that many again by the end of 2011. Germany has the intention to commence a draw-down from the end of 2011 but is equivocal about how many and how fast. Hungary has said it expects only small changes to
mid-2013 and will work with ISAF on withdrawal. Italy, similar to us, is working towards a 2014 withdrawal. Latvia is also working to a 2014 time line.

I think the argument that is pervading the debate in Australia—that openly discussing a draw-down and a withdrawal and exit strategy is somehow cutting and running or letting down the coalition forces or the mission in Afghanistan—is wrong. I think it is time for us to have an open and sensible debate, not only about military strategy but also about the direction in which we as a country want to take our involvement in Afghanistan, as per other countries who are openly discussing the issue or actively undertaking draw-downs and withdrawals right now. So I certainly stand by those that are on the ground and those families that have suffered over a 10-year period. And I certainly understand why we went there in the first place. However, after a decade, I do think there comes a time where we need to openly reassess and debate, as a parliament, military strategy. I think we need to now think of the economic cost, as well as of the geopolitical and other reasons for being involved. I do, once again, urge the executive to consider beginning a withdrawal earlier than the current date of 2014, in line with what is happening in most other countries engaged in the war in Afghanistan.

Mr EWEN JONES (Herbert) (19:21): The year 2001 saw the World Trade Centre collapse when aircraft crashed into it. Ansett collapsed soon after, and people stopped flying for a time. It was train-wreck television, seeing the World Trade Centre go down; I was glued to the television set for 24 hours. I had gone to bed the night before about three minutes before Sandra Sully broke the news on Channel 10. I woke up in the morning, went out to the front yard and picked up the Townsville Bulletin. On the front of it were pictures of the Twin Towers on fire and I said, ‘Oh, what movie is this?’ So I went inside and turned the TV on and that was it.

Lavarack Barracks and Garbutt air base went straight into red alert. Their plans for potential impact of terrorist attack were instigated seamlessly. That is what they do; they get on with it. Osama bin Laden claimed credit for the deaths. There was joy in the Middle East. It struck me as very strange and incredibly sad that such a tragedy could achieve such absolute joy in places. It shows just what a cosseted life we lead in Australia, that someone could actually have joy in watching that. I do not blame them for what they did, but I thought the reaction was unbelievable.

It is against this background that our position on Afghanistan must be viewed. There were people in Australia who wanted to, and did, sue Americans for the loss of a loved one in the Twin Towers. Grief is what it is, and actions which may seem excessive to some who are standing at a safe distance seem perfectly reasonable and justifiable to others. We then saw the tragedy that was Bali. We saw London and Madrid. All these link back to Afghanistan. Australia was one of the first countries to act in support of the USA in attacking the Taliban and bin Laden. Over time our role has changed. We are now there in a mentoring capacity. Sadly, this has not made it any safer. So, when people say we should not be there, it must be taken in full view of the knowledge of the 24-hour news cycle, the distance of time and the proximity of tragedy.

I do take the member of Lyne at his word. An exit strategy should be part of any military operation. We do not go into these things aimlessly, and 10 years is an awfully long time to be engaged. But every time we go back to this, we have to go back to why we are there, and Bali
was just too close for me. Bali was where Australians went to surf and relax; it was a place for the end of season trips and for cheap holidays. To have seen the victims of that attack on Australia is to forever know that we will never be completely safe until other countries take control of their own lives. Bali was too close.

Australian troops went to the front when they were called, and they did so willingly. Australian troops defended the people of Afghanistan and attacked the killers of people. They did so with determination and discipline. Australian troops are rebuilding the nation. We are assisting with the training of defence and police forces. We are building schools and hospitals. We are building roads. We are doing all this with trust and hope in our hearts and minds.

Australian troops have died. Some have died on the battlefield. Some have been shot in the back inside their own compounds. I never spoke to a good mate of mine when he left my football club for another. Here we have a situation where you are mates with an Afghan. You have gone out of your way to include him. You have gone out of your way to help him. You have shared with him. You have protected him. And he has betrayed you. He has killed you and your mates. That is the greatest betrayal of all.

Australian troops are disciplined. There is no revenge. There is a systematic approach to tending the wounded and securing the perimeter. The killer will be caught and will face justice. That is our way.

We grieve. It is felt in every city and town in Australia when we lose a member of our ADF. But it is felt more in cities such as Townsville where there is not only a large population of serving members but an even larger contingent of ex-service personnel. I attended the funeral of Lance Corporal Gavin last week. His family were there. He has three children, with the youngest girl still in a pram. His middle child, his daughter, twirled in her beautiful dress, and his son, Joshua, looked every inch the man of the house in his shirt and tie. Brigadier Smith, the immediate past brigade commander, spoke. The Prime Minister was represented by the Minister for Defence, and the Shadow Minister for Foreign Affairs and Shadow Minister for Trade represented the Leader of the Opposition. Lieutenant General David Morrison was there as the Chief of Army. Townsville's mayor, Les Tyrell, was there. We all filed out after the coffin at the end of the service. It was then that they chose to play the wedding song at the exit, so we had this extremely important and sombre procession walking out of the chapel at Lavarack Barracks as Kiss sang, 'I was made for lovin' you, baby.'

We have lost 32 now. I was at the War Memorial last week with my nine-year-old son. Even though he was ready to run, he was respectful, by the very nature of the place, and was quiet all the way around on the tour. There is a place of honour there for our fallen. The current veterans know what it means to them.

We must concern ourselves with the mission at hand. We must concern ourselves with the conditions being faced by the men and women still there. I heard the member for Wentworth speak earlier, and he spoke of this very matter. We here, in this place, cannot know what pressure is. We cannot know what it is like not to be able to relax. We cannot know what it is like to be living with the constant threat of being injured, or worse, by the very people who we are trying to help.

To be killed or injured on the battlefield is one thing—a trained service man or woman can compartmentalise this and rationalise what has happened. What we as a society must
acknowledge is that some of the people returning will have problems. That is why we must ensure that the Department of Veterans' Affairs must remain ever vigilant as to the needs of their clients. Management there must never let the service of our returning and retiring service men and women become merely a job. A counselling service must be held separately from areas where they can be viewed as 'having a problem'.

I know that the DVA in Townsville has some very tough cases in front of them; I know that DVA staff in Townsville are doing the very best that they can. We must ensure that the very people who have always been so strong and proud are welcomed and nurtured in their time of need. They must be told that this need is not a weakness—it is being human. The RSL must ensure that a welcoming hand is extended at every function. They must include. They must ensure that advocacy they provide is professional and respectful at all times. The city of Townsville must rally around our Defence families. We must ensure that we respect the space they require, but we can still be good neighbours and friends without intruding. Our schools where Defence mums or liaison are present must be on their toes and look for signs of families under stress, and offer a cup of coffee or a word of encouragement to all. Legacy will become even more important as we go on in time. To see those three children last week lose their father was hard enough. To be a family a long, long way from home and struggle with school fees and transport is another thing entirely. I know the people at Legacy in Townsville; a better group of people you will never find. But they must also renew. Their role has never been more challenging in a very busy world.

So every time I hear someone tell me we should come home, I think of those people who died in the World Trade Centre and in Bali, London and Madrid. I try not to think about how they would feel if we did pull out and their brother, sister, son, daughter, mother, father or loved one were killed as a direct result of us not completing the job we set out to do. We must respect those who lost their lives and make sure we complete the work. We owe everyone that much. Lest we forget.

Dr MIKE KELLY (Eden-Monaro—Parliamentary Secretary for Agriculture, Fisheries and Forestry) (19:29): I will say from the outset that I very much appreciate the spirit of bipartisanship that has characterised our approach to this issue in Afghanistan and the support for our men and women in uniform. The fact that there is that bipartisan support is very important to them. They understand that they have that support, and it makes a difference to them. I know that both members of the coalition and members of the government share the experience of having to attend the funerals of those who have been lost and of meeting their families, so we are not hidden from the experience of the loss. Obviously we both appreciate that loss deeply. We salute, of course, the families who have continued to support the surviving members of units whose members have been lost and who remain committed in large part to this mission. They are an inspiration in that respect.

It is a significant factor that the men and women in uniform, and their families, very much appreciate that progress is being made and would wish this mission to continue to fulfilment. But it is right and appropriate that we have this discussion—that we continue to revisit our deployment and continue to analyse it. Notwithstanding that there is bipartisan support, we are of course hearing alternative views, such as we have heard from the member for Lyne. And we have the member for Melbourne in the chamber as well. So we are having an open discussion on the continuing involvement in Afghanistan. I think it is worthwhile reminding
ourselves why we are there—not just in the sense of what happened on 9/11, as dramatic and horrendous as those events were, but putting it further in context of what was going on in Afghanistan at the time.

The key thing here is that Afghanistan offered an opportunity for al-Qaeda and its like minded organisations and affiliates to have the apparatus—the complete environment of a state—at its disposal. This is an entirely different order of magnitude from al-Qaeda being squeezed to the margins of other states where there may be ungoverned spaces or loose regulations so they can develop cells or operate to a degree. Having the resources of a state at their disposal enabled them to reach much higher planes of assaults on their enemies in the West. We know that in Afghanistan they were so closely tied in in a symbiotic relationship with the Taliban that enabled them to operate a complete conventional formation—the 055 Brigade. Through that brigade they were able to train and organise thousands of terrorists from around the world—process them and then incubate them out into other terrorist organisations within our own region.

This is not a question of operating outside of the scope of our own interests. The central Asian country of Afghanistan was incubating significant terrorist threats throughout our region in relation to Lashkar-e-Taiba, Jemaah Islamiah and many other groups that we know have caused Australian casualties. We know from comments being made at the time in Afghanistan that Australia was well and truly on the target lists of these organisations. Largely that was why targets such as were chosen in Bali were singled out—because of the opportunity to target Australians.

It was not just the regular formation of the 055 Brigade. There was an extensive network of training camps. The apparatus of the state enabled al-Qaeda and like minded organisations to operate at a much higher level in financial terms, using the opportunities that a state gave it to organise financial support. They were also using that opportunity in Afghanistan to run a series of experimentation sites for chemical and biological welfare and weapons of mass destruction, through which they would obviously seek to cause even greater loss of life and destruction than what we were forced to witness in relation to the destruction of the World Trade Centre on 9/11.

That opportunity was there for them, completely unconstrained. There was a whole range of things they were able to do in that ungoverned space of the territory of Afghanistan that was available to them, with the assistance of the Taliban. The Taliban themselves, of course, were one of the most reprehensible and evil regimes the world has ever seen, taking Islamist extremism to an entirely new plane. The cultural warfare they waged on the history and culture of their own country was horrendous. There was not just the destruction of those highly significant Buddhas at Bamiyan, which achieved great notoriety around the world. So many other cultural artefacts were destroyed by that organisation. Those were inanimate objects, but certainly thousands throughout the nation of Afghanistan suffered horrendously. There were organised massacres. There was sexual slavery. There was repression of women to a degree not witnessed even in the most repressive of Islamist extremist societies that existed at the time, and of course many still suffer from loss of rights in some countries of that nature, but certainly they were a horrendous regime and worthy of dispatch for that reason. It was these associated national interest issues that particularly engaged us in the need to deploy our own armed forces in the international effort to neutralise that country as a safe haven.
I heard reference from the member for Lyne and others to us having been engaged in Afghanistan now for 10 years. That is not quite accurate. We obviously had a significant effort in Afghanistan in 2001, but there were a number of years when we only had effectively one officer present in Afghanistan working with the United Nations organisation there. So our commitment has not remained on the scale that it is now through the entire 10-year period. In fact it was not until 2005 that the effort started to ramp up again, and that signals how the international community dropped the ball in Afghanistan strategically. There is no question but that our engagement in Iraq did distract us from the effort in Afghanistan.

If just part of the blood and treasure that was expended in Iraq had been directed to Afghanistan in those early days we would not be having this discussion now—but we are where we are. It was one of the reasons I entered politics, to try and address our strategic approach to dealing with counterinsurgency and stabilisation operations. This is something that had consumed my entire military career and on which I have written a great deal. It informed many views about how this nation should approach this issue, in particular that we needed to do a much better job of forging cohesive, coherent, whole-of-government campaign planning approaches to these environments. A counterinsurgency situation is classically the formula of probably 20 per cent security but 80 per cent social, economic and political. We were not really pursuing a cohesive whole-of-government strategy in Afghanistan in that context, so I was grateful for the opportunity to come on board with the Rudd government and create the Asia Pacific Civil-Military Centre of Excellence that we now have based in Queanbeyan, where it can work in conjunction Headquarters JOC; with the AFP's IDG group at Madura; with ACFID, the NGO peak organisation; and with the various agencies of government.

That centre has made a difference to the strategies that we are employed on the ground. I was very fortunate to be with my colleagues the member for Kooyong, the member for Forrest and Senator Kroger at the end of April this year in Afghanistan and spend a week on the ground with our men and women in both Tarin Kowt and Kandahar. It was really heartwarming to see the change in the strategic approach so that the Provincial Reconstruction Team was no longer some neglected bolt-on to the operation but at the centre of the commander's concept of operations. The rest of the military effort was strapped around the Provincial Reconstruction Team to facilitate its work. We have heard talk about exit strategies here, but that exit strategy is in place. It is built on a concept of separating the population from the insurgency, from the insurgents themselves, connecting the population with its government and developing their nation-building capacity, particularly, from the military point of view, building the security sector reform that we need to transition to their responsibility for security affairs. That was achieving great progress when we were there.

Those gains that have been made over the period of the previous 12 months have been consolidated and secured through this so-called fighting season. So we have made very significant progress. The security footprint through the Dhalt, through the areas of civilian population in Oruzgan province, have been greatly increased. The security sector responsibility of Afghans in filling that previous security void has been successful. The 4th Brigade is achieving great strides. There is still much work to do in relation to the Afghan Police Force; there is no question about that. But I visited the police training centre where our AFP are hard at work and they are making progress there. In terms of these other nation-
building efforts to create loyalty in the civilian population to its government, we saw great progress there not only in the completion of the boys school at Tarin Kowt but also in the finalisation that was taking place of the girls school at Tarin Kowt, a school that will cater for 750 girls. This is a huge, quantum leap forward in a province that was the most backward of the backward. Literacy rates were incredibly low: we are talking about a 93-odd per cent illiteracy rate in Oruzgan province. So the boost that we are giving to education is the single most important thing. We have heard statistics about Afghanistan in general, but education is going to be the key to the future of that nation. So our efforts there have been tremendous and very rewarding engagements for our troops.

The opening of the Sorkh Morghab mosque is building a relationship between our forces and the community because we have shown our respect for their culture, for which they have shown their gratitude; there is also the multiplier effect that has created in the build-up of communal activities around the mosque. We have also been involved in improving the delivery of health services at the Tarin Kowt hospital. These things are complementary strategies in relation to the broader mission of the security sector peace that we are delivering in Oruzgan province.

Obviously, in the past Australia has been in the situation where we have had responsibility for provinces, and national efforts have let us down. We had that experience in the Phu Toc province in Vietnam. We had it, in my own experience, in the Bay province in Somalia. We went on to Al Muthanna in Iraq, where there was a happier ending, and now here we are in Oruzgan province. It is a legitimate question to ask where the national situation in Afghanistan is going from the point of view of the rule of law and good governance, and there is much more effort that has to be put into that. Ultimately, this will be something for the Afghans themselves to deliver, but we must remain engaged—and that will be decades of engagement—to facilitate, mentor, improve and build that capacity. However, from the point of view of our military involvement, there is an exit strategy that will be delivered within a time line we have set.

But we should make it clear that we are not focused on an end date; we are focused on an end state. If we achieve that end state, that is when we will transition our security posture there. If it is sooner, then that is well and good, and the Prime Minister has flagged that. Certainly, we send a very clear message to Islamist extremists that it will not be the end of our involvement. There will be support for an Afghan government that continues to pursue, and deny a safe haven to, these extremists. It is a very complex picture there. Reconciliation is part of the process, and that is being pursued. There are diverse elements that are associated with this, and we have heard talk about the Pakistan element here, which is a very serious concern. I understand the historical basis of their support for Taliban elements, but they need to understand that that nearly brought their own nation down in 2009, when the Taliban were only 100 kilometres from Islamabad. For example, what was the first thing they did when they achieved control of the Swat valley? It was to blow up 100 schools, because these Islamist extremists see education as their enemy. They replaced the schools with radical madrasahs. This is our battle: to defeat Islamist extremism and promote the voices of moderate Islam in this world and in our own country. We are fully engaged in that and determined to see that mission through.
I know there is concern about these rogue soldier incidents that have occurred. We do not fully understand exactly what has happened there, but these incidents have not been unknown in previous conflicts. In fact, in Vietnam we suffered some Australian-on-Australian incidents, known as fragging. These are things that can happen when people are suffering severe mental breakdown or stress—or, in a situation like Afghanistan, where it might be family or tribal retribution, or indeed associated with the Taliban insurgents.

But this is not deflecting us from our mission. Our troops remain committed to it. When I was there, I pulled aside some who were close friends of mine and said, 'Give me the no-BS answer here: is this working? Should we stay?' They all gave me the same answer: 'Yes, we believe we will achieve success. We are making progress. Please stick with us. We will achieve this mission.' Thank you.

WYATT ROY (Longman) (19:44): This year marks the 10th anniversary of the September 11 terrorist attacks and, subsequently, coalition troops fighting in Afghanistan. On this occasion it is important for us to take hold and remember why we first went into Afghanistan, to remember what we have fought to achieve and just how far we have come. At this time we must not lose our courage, our resolve and our commitment to the ideals which our service men and women have sacrificed and fought for.

Earlier this year I visited Afghanistan and was witness to the many significant gains we are making—greater gains than ever before and gains at a greater rate than ever before. Australia is making a difference and there are tangible results to be seen. There have been significant improvements in security, and the ability of the Taliban to engage in armed conflict and recruit supporters has been severely impeded.

Australians are taking an active role in preparing Afghanistan to secure its future. Troops such as those I spent significant time with in Mentoring Task Force 3 are having a genuinely positive impact by skilling the Afghan National Army to take the lead on security. Australian troops are providing the essential element of any civilised society—that is, security. An enduring sense of security will be a strong incentive to the Afghan people not to pick up a weapon, to do things differently to how they have been done before, to voice concerns peacefully and to live without the violence that has defined the Afghan nation for so long.

This progress is positive in more than one way. We are seeing communities develop from often the simplest of tasks. Successes in what we might see as the most simple of tasks, such as building a road or a school or a market, are creating power, prestige and legitimacy for the elected government, resulting in greater trust and better communities.

These are positive impacts that will outlast our presence in Afghanistan. This represents tangible and real progression towards a more free and secure Afghanistan. These gains repudiate the often misguided public perception that what we are doing in Afghanistan is like putting our hand in a bucket of water only to pull it out and see the progress washed away. This progress is being made in such a way that the Afghan people will be able to continue to sustain and develop its governing capacity after the coalition forces withdraw. Dedicating the time and resources required to reach a point where the country is self-sustainable is of critical importance. The timing of our withdrawal must be determined by the realities on the ground. To withdraw too soon would undermine the achievements of our troops thus far, negating the many positive advances we have seen in Afghanistan.
As politicians it is in part our responsibility to communicate the positive gains we have made in Afghanistan. The greatest frustration I found from our service men and women on the ground was how the war is reported back home, particularly the failure to report the positive achievements our troops are making. As the Prime Minister said in this place, the ramp ceremonies and funerals that Australians see on TV are part of the story, undeniably an important part of the story, but they are not the whole story.

The Afghanistan that we are working towards, that our highly professional and committed soldiers are fighting for, is an Afghanistan where its people are free to choose their own way of life and determine their own future, one which is governed by an elected government that has the legitimacy and security it requires for effective governance.

With this in mind, it is imperative that as politicians we begin to turn our attention to our future strategic partnership with Afghanistan, a partnership beyond military ties and which will add value to both our nations. We are well within reach of the goal of the ANA taking the lead on security by 2014, as the Prime Minister has already stated in this place.

I had the privilege of meeting with many DFAT and AusAID officials who are undertaking the all-too-often undervalued work of engagement and assistance to the Afghan and provincial government. They are supporting the democratic process and institutions that encourage economic growth and a prosperous civil society. It is the vital work that these departments and agencies do now that will help determine the enduring success of our mission in Afghanistan long after we leave. It is their work that will help the Afghan and provincial governments ensure greater effectiveness and self-sufficiency of their governance. It is in this light that it is evident that the success in Afghanistan will be a process as much as an outcome. We also need to be engaging with nations across the region such as Pakistan to ensure that they are not granting sanctuary to terrorism, as was underlined this year by the successful mission by the United States against the head of al-Qaeda, Osama Bin Laden, in Pakistan. Finally, we need to continue to support the good work that our troops are doing. Our men and women serving in Afghanistan need to be assured that they have our support and that we are proud of the work they are doing to ensure a safer Afghanistan, a nation that will never again harbour terrorism or extremism.

Speaking with our troops in Afghanistan, I was immensely proud and encouraged to see that among our troops morale is high. They believe in what they are doing and bring a sense of purpose to their duties. They believe in what they are achieving and are optimistic about their progress. Too many of our finest Australians have paid the ultimate price to ensure that a stable Afghanistan is a better place for the Afghans and less conducive for those who promote terror and violence. The perception of our troops is that there is little justice given to the gains being made and little support for their hard work on the ground.

We have an opportunity to get this right and to stop Afghanistan continuing to harbour those who would threaten our way of life. We have an opportunity to cement the gains we are making. But, in order to do so, in order to protect our way of life, we need to stay the distance to see our mission through. The cost of prematurely withdrawing our troops from Afghanistan is too great. The stability of Afghanistan and the region rests in an exit strategy that is founded on the progress and realities on the ground. The best way for us to honour the sacrifices of our servicemen and servicewomen, to honour those lives lost in this battle, is to see it through to the end.
Let me conclude by saying that I was deeply humbled and awed by the professionalism, dedication and commitment I witnessed in our servicemen and servicewomen on the ground. Regardless of our individual views on Afghanistan, all Australians should be immensely proud of those in uniform, those who every day embody the ANZAC spirit.

Mr BUCHHOLZ (Wright) (19:51): In Afghanistan, we are confronted with a desperate struggle for the future not just of a country but potentially of an entire region. Of course this is not the first time that Afghanistan has been the site of an apparently insurmountable conflict. Not for nothing is it known as the graveyard of empires. For some, this recollection of failures past is reason enough to dismiss our current mission in Afghanistan as an exercise in futility, but the parliament of Australia unreservedly supports military intervention in Afghanistan till the job is done.

To some extent this is understandable. Afghanistan has always posed challenges for those intrepid enough—some would say foolhardy enough—to involve themselves in its affairs. Many years ago our former colleague Senator Russell Trood, senator for Queensland, published a book entitled The Indian Ocean: Perspectives on a Strategic Arena. In it, he quoted the future US Ambassador to Afghanistan, Dr Zalmay Khalilzad:

Several factors will play critical roles in determining whether the Soviet Union succeeds in ... neutralising the Afghans. These include the policies adopted by Pakistan towards the insurgents, the extent of external support ... ability to establish a government in Kabul that commands a large armed force and has a wide base of support ...

Substitute 'International Security Assistance Force' for 'Soviet Union' and you have a reasonable description of the state of play in Afghanistan today. Dr Khalilzad’s comments serve as a salient reminder that, although the participants may change, the rules of the game in Afghanistan remain largely unchanged. Another recurring truth about Afghanistan is that the struggles it has hosted have never been solely about Afghanistan. Rather, they have always been part of a broader geopolitical conflict. That is why it is folly for us to assume that the challenges we face in Afghanistan can exist in isolation from the affairs of its often volatile neighbours.

No part of that neighbourhood is more interconnected with Afghanistan than its eastern neighbour, Pakistan. Democratic institutions in Pakistan are already at risk from a violent internal insurgency which includes al-Qaeda backed extremists. To that toxic brew, we can add the destabilising influence of Pakistan's rogue Directorate for Inter-Services Intelligence, or ISI, who, if not openly in cahoots with the Afghani Taliban, are at the very least proving to be extremely adept at turning a blind eye to their activities.

The mutually parasitic relationship between the ISI, the Taliban and al-Qaeda was most brutally revealed earlier this year when it was discovered that the world's most wanted man, Osama bin Laden, was being harboured in a Pakistani garrison town, just a stone's throw from a military training facility. This towering betrayal strikes a particularly resonant chord with me, because within my electorate of Wright is our own military training facility in the town of Canungra. I know full well just how abhorrent the members of our own defence community would find the concept of an ally harbouring one of our greatest enemies. Of course the West is assisting Pakistan to confront the severe challenges it faces; however, Pakistan is a sovereign nation and is deeply suspicious, if not openly resentful, of outsiders' offers of
assistance. In Afghanistan, we have much greater scope and much greater opportunities to bring a semblance of peace and stability to a broken and divided country.

Last week, we had President Obama in the House, reaffirming his nation's commitment to the ANZUS alliance. It therefore seems an opportune moment to reflect upon the role that the alliance plays in our continued commitment in Afghanistan. This reflection is all the more appropriate because a great many critics of the war in Afghanistan seem to have forgotten the circumstances in which the conflict began. The events of 2001 were not an example of American unilateralism. On the contrary, the engagement in Afghanistan was a case of Washington acting in consort with the international community. The mission was undertaken with a mandate from the United Nations—a mandate that has been renewed year after year.

It is also worth remembering who it is we are fighting in Afghanistan. The Taliban has never been a movement with widespread legitimacy. Now more than ever it is a highly factionalised entity, supported in some parts of the country, begrudgingly tolerated in others and openly despised elsewhere. During the years it wielded power, the Taliban succeeded in reducing the entire country to one big concentration camp, enslaving the female population and embarking on an ambitious campaign to exterminate the Hazara minority. Let us not forget that, during this time, the Taliban also played host to the world's pre-eminent terrorist organisation as it plotted the mass murder of thousands of civilians on September 11, or that for the past decade it has been fighting an undeclared war against an international force that is upholding a United Nations mandate. These are not freedom fighters. As a matter of fact, the last thing in the world they want is 'freedom'. They want the complete opposite, and they are ruthless in their determination to get it.

In these circumstances it is to be expected that the fight in Afghanistan will continue to be a tough one. Increasing casualties amongst ISAF troops, more violence against civilians, not to mention the recent betrayal of Australian soldiers by members of the Afghan National Army they are there to support, are all logical explanations for some degree of pessimism. However, there are also reasons to look forward with some confidence. There have been encouraging signs of progress in things like school attendance, as well as the construction of transport, health and telecommunications infrastructure. What is more, economic dependence on poppy cultivation as a source of income is declining. Either way, the reality is that we do not need a perfect Afghanistan to secure our strategic objectives.

Our aim need not be for anything other than a country which is stable, which affords its citizens sufficient freedom to decide their own political, economic and social future, without fear of recrimination from the Taliban, and which has the institutions in place to ensure Islamic extremism does not regain a foothold. The challenge for coalition forces is to create the conditions for these objectives to be achieved.

Australian forces continue to play a vital role. Our contingent may not be the largest in the ISAF stable but, being based largely in the southern province of Oruzgan, our people are in one of the most violent and unstable parts of the country. Our soldiers have paid a high price in Oruzgan, with 32 killed and 214 wounded. However progress is being made and will continue to be made. On that point I wish to express both my gratitude and my enormous respect for the professionalism and dedication of the men and women not just of the ADF but also of the AFP, AusAID and DFAT—all of whom risk so much in the service of our nation. My heart goes out to the families who grieve for their lost ones and loved ones—those
mothers, fathers, brothers, sisters and friends of family members who carried personal burdens of their loved ones, who paid the greatest sacrifice to our nation.

Following through our commitment to Afghanistan is an immensely important enterprise. With public support for the war declining, I believe it is incumbent on us in this place to redouble our efforts to urge the case, to go beyond the platitudes and the motherhood statements and to clearly spell out the strategic rationale for staying the course. Our brave men and women in the field deserve no less. Lest we forget.

Ms JULIE BISHOP (Curtin—Deputy Leader of the Opposition) (20:00): Last week I represented the Leader of the Opposition and the coalition at the funeral at Lavarack Barracks in Townsville of Lance Corporal Luke Gavin of the 2nd Battalion Royal Australian Regiment. Lance Corporal Gavin, together with Captain Bryce Duffy and Corporal Ashley Birt, was killed in recent weeks in Afghanistan, in devastating circumstances. It was a moving service, with tributes from friends and colleagues. The presence of his young wife and his three beautiful young children reminded us all of the huge loss they will bear. It was enough to break your heart.

This is the human cost of the war in Afghanistan. It is appropriate that we in this parliament reflect on our role, for this year is the 10th anniversary of Australia's involvement in the Afghanistan conflict. We must never forget that our involvement in this conflict began in response to the terrorist attack on New York and on Washington on September 11, 2001. Eleven Australians were among the thousands who were killed on that fateful day. They were innocent victims in the atrocities caused by al-Qaeda, and this was the origin of our commitment to ensure that Afghanistan never again becomes a safe haven for international terrorism. The country has come a long way since 2001. After years of combat, our main mission now is to train the soldiers of the Afghan National Army 4th Brigade.

We in the coalition believe that this continues to be a worthwhile task, as it gives the hope that there can be a long-term, sustainable future that involves a better life for the people of Afghanistan. We particularly hope that it will help secure a better life for Afghan women, who were innocent victims of the unbridled chauvinism of the former Taliban regime. In our recent private meeting with President Obama here in Canberra, the Leader of the Opposition and I were able to reassure the President of our ongoing support for the mission in Afghanistan and our support for the government's commitment, as well as the importance to both countries and to other countries involved of seeing a sensible withdrawal, at the appropriate time, from Afghanistan.

In recent times we have seen the dramatic strike by the United States forces at al-Qaeda, with the death of Osama bin Laden, which represents a huge blow to the operational effectiveness of that terrorist network. We commend the United States administration for the daring and resourcefulness of this successful mission. As the Leader of the Opposition noted in his contribution to this debate, there are United States reports that half of the key leadership of this criminal enterprise has now been killed or captured. In that sense we are making progress. It is hard won.

President Obama announced recently that some 33,000 United States troops will be withdrawn from Afghanistan over the course of 2012. Great Britain has recently withdrawn 500 troops. In keeping with Afghan President Karzai's statement that the Afghan military should assume full responsibility for security by the end of 2014, the United States, the
United Kingdom and other countries have agreed to this timetable. Australia also agrees. We must respect the desire of the Afghan government to assume responsibility for the security of the country and to determine its own future. However, that does not mean that Australia or other countries will simply abandon Afghanistan. In her statement on this motion the Prime Minister committed to maintaining a presence in Afghanistan past 2014. She also made it clear that this could even involved the stationing of combat troops, like the SAS. We must secure the gains that have been made.

Australia will also have a major foreign aid role to help the Afghan people. Afghanistan is currently the recipient of significant amounts of aid from this country. In the current financial year, 2011-12, the budget estimates state that just over $165 million will be spent. Of this sum the bulk of the money, just over $124 million, will go in direct country-to-country assistance via AusAID. The remainder will be distributed through international aid agencies and through other Commonwealth departments, like the Department of Defence.

Afghanistan is a country that certainly needs assistance. The Human Development Index of the United Nations gives an idea of the relative disadvantage of Afghanistan. In the latest index, released only two weeks ago, Australia came in second, to Norway, out of 187 countries. In contrast Afghanistan came 172nd. Although not the worst, it rated lower than countries like Bangladesh, Rwanda, and Sudan.

Gross national income per capita in Afghanistan is only $457. According to AusAID average life expectancy is 44 years and the infant death rate is exceptionally high, with 20 per cent dying in the first five years. Appallingly, in Oruzgan province, where Australia's efforts are based, the infant toll is 37 per cent.

Australia's aid effort is focussed on a number of areas. In the area of education and health Australia is helping to train teachers and medical staff. With respect to teachers there is a focus on training female teachers. It is hoped that this will lead to a domino effect in broadening the education of women throughout the country.

In cooperation with Malaysia and Afghanistan Australia is also running a course for master teacher trainers. This has resulted in 60 graduates since 2009. The target is to train an additional 120 by mid next year. This is crucial in a country where the literacy rate is, according to AusAID, a very low 28 per cent, and only 12.6 per cent for women.

In relation to economic growth Australia is providing rural infrastructure assistance and farmer training. In terms of governance Australia has contributed to the Afghanistan Reconstruction Trust Fund, which funds public service reform. There is also a focus on training interns for the Oruzgan provincial government. In terms of humanitarian, emergency and refugee aid Australia is focussed on a $20 million landmine clearing program. These aid programs have made a material difference to Afghans. Together with our coalition partners we have overseen school enrolments increase from one million to six million in the last 10 years, of which two million are girls.

When the coalition troops are pulled out of Afghanistan, whatever that date may be, the overseas development aid effort must continue. What I have just detailed of our aid effort will need to remain. We cannot make the mistake of the Soviets when they left Afghanistan in the 1980s and completely abandoned the country. Australia will have a significant role—a moral obligation, no less—to assist where we can to help the Afghan people for decades yet. We
support the need to keep training the Afghan troops in the hope that as soon as possible the job will be done and our brave soldiers may return to the arms of their families. When that time comes we hope that we leave behind a more secure and safe Afghanistan. But not completely secure and safe. There will still be violence and poverty. To solve those problems will take generations, but the Afghan state will be stronger—not fully developed but stronger and more resilient. And it will certainly be more secure and safe than was the case under the brutal Taliban. The ultimate prize will be the chance for young boys and more particularly, young girls, to have a genuine opportunity to live full lives, free of totalitarian ideology.

In the latest update on Australia’s involvement in Afghanistan the Prime Minister set out the conditions upon which our country is engaged in that country and the timetable for the drawdown of Australian troops. On this conflict there is essentially a bipartisan policy between the two major parties. However the government's position is compromised by the position of its formal alliance partner, the Greens. The Greens oppose Australia's involvement in Afghanistan. Senator Bob Brown, the Leader of the Greens, speaks from ignorance on the subject, never having taken up the opportunity of visiting the country. Members of the government, the Prime Minister, the Leader of the Opposition and I have visited Afghanistan, and many others have had an opportunity to speak to the troops on the ground. In fact, both the Prime Minister and the Leader of the Opposition were there only recently and were able to report on their trips to this House when they spoke on the motion. In contrast, the Greens, who oppose our alliance with the United States, the ANZUS alliance, would rather we cut and run from Afghanistan and risk further tragic deaths of innocent civilians if the transition to Afghan security is not done in a measured and sensible way.

Finally, I pay tribute to the brave Australian soldiers who have made the ultimate sacrifice for their country in Afghanistan. We have to face the fact that our troops face formidable challenges every single day they are in Afghanistan. We pay tribute to those 32 who have been killed. We will never forget them. We must never neglect the 231 soldiers wounded in the line of duty. They carry the physical and emotional scars. We salute them. We thank them.

In closing, I note again the bipartisan commitment to this cause. We will help Afghanistan on its road to governing and securing the country and its borders—what the Afghan defence minister has called its 'journey of self-reliance'. We must make sure that Afghanistan is resilient enough to protect its own national security and, through that process, our own.

Debate adjourned.

ADJOURNMENT

Mr DANBY: I move:
That the Main Committee do now adjourn.

Aged Care

Mrs MARKUS (Macquarie) (20:11): I am honoured to rise tonight to bring to light an issue not given priority by this government. Australia has an ageing population, and so with it grows the burden of supporting Australians in aged-care facilities. Without the government allocating a significant proportion of its budget to aged care and disability services, this burden is shifted from the government to the shoulders of families and friends of members of our ageing and disabled population.
I would like to take this opportunity to honour a family from my electorate affected by the tragic events that occurred at the Quakers Hill nursing home last Friday. Caesar and Valentina Galea migrated to Australia from Italy to start a new life, fraught with challenges but filled with hope and reward. The Galeas worked hard to contribute to Australia as well as their local community, working hard to build a life and a future not just for themselves but for their children and their grandchildren. I was humbled to celebrate their 60th anniversary with them in recent years. Their love for and commitment to one another inspired their children, their grandchildren and many others who have known them to seek happiness and love not just for their families but also for their communities. Following the fire, sadly, Caesar passed away last night in Hawkesbury Hospital. I would like to particularly thank all those who looked after and cared for him in recent days, but on behalf of the House I wish to extend my deepest sympathies to Caesar's family.

The struggle Caesar's family have experienced in recent months is not uncommon to many Australian families. Due to the endless waiting lists, Caesar and Valentina did not live in the same nursing home, despite efforts by their children and broader family. When I spoke with the family today what they raised with me was the battle that they experienced to have their mother and father together. They expressed frustration and heartbreak for a family so close, for a couple married for more than 60 years.

In recent weeks I have had many more families visit my electorate office to share their own challenges with aged and disabled care. Many have spoken to me about the long waiting lists and how it seems to be an impossibility to have their parents, grandparents or, in some cases, children gain access to aged-care facilities. Just last week, I spoke with the mother of a 47-year-old woman, a wife and a mother who suffered a brain aneurysm. She is now very disabled and has been assessed as needing high-care facilities and unsuitable for rehabilitation. This woman, at 47 years young, needs to be placed into a nursing home. Clearly, not only are we faced with a lack of facilities for the aged population but also a lack of facilities for young people with disabilities.

It is not just families who are frustrated. It is nurses, carers and administrators in nursing homes who experience the torment daily of having to place citizens on waiting lists and watch families struggle to battle through a sea of red tape just to have their family members be able to access the proper care and attention they need in their older age. Our aged-care system needs urgent attention. Not only does more money need to be allocated to this sector, but that money needs to be actually delivered to this sector and not reallocated to other areas. The government commissioned a Productivity Commission inquiry and released its report, Caring for older Australians, on 8 August 2011. Since that date, the Prime Minister and the Minister for Health and Ageing have embarked on a 'national conversation' about aged-care services. There were 58 recommendations made in the report. So far neither the Prime Minister nor the Minister for Health and Ageing have responded to the report, which begs the question: who is actually having this conversation? The Gillard government cannot afford to be complacent on this issue. With the recommendations of the report hanging in the wake of the budget blow-out, it is anticipated that the Prime Minister and the minister for health will not be conversing on this topic again until next year's budget is released. For many Australians, this is not soon enough. Families are doing it tough.
The family that I spoke to today, the Galeas, understand that what happened to their father, grandfather, husband, happened as a result of behaviour by one individual; that it is not the responsibility of the aged-care sector that this happened. But what they have experienced over recent months has brought to their attention what many other Australians are battling with on a daily basis. What they wanted me to do tonight was to say that they want to see this government respond to the real needs of ageing Australians and their families and provide the funding so that they can have access to care close to their families, close to those they love, and that, wherever possible, where couples have been married for a long period of time they are cared for together.

**Vietnam: Human Rights**

**Mr HAYES** (Fowler) (20:16): As a member of this place I have made a commitment to publicly condemn blatant violations of essential human rights. I have taken the opportunity to speak on many occasions and particularly in parliament about my stance on human rights in Vietnam. Although we may call Vietnam a South-East Asian neighbour and a valued trading partner, I, for one, am appalled that there are more than 400 people currently incarcerated in Vietnam for exercising their fundamental human rights. This evening I want to refer specifically to recent arrests of 15 youth activists belonging to the Congregation of the Most Holy Redeemer. Some of these activists are members of the John Paul II pro-life group and are from the north-central region, from Thanh Hoa and Nghe An provinces, of Vietnam.

I have been advised that the wave of arrests began 30 July 2011 when police arrested three Catholic activists at Tan Son Nhat Airport in Ho Chi Minh City as they returned from abroad. During the next seven weeks the authorities arrested 12 other religious activists. So far, 10 have been charged with violating penal code article 79, subversion of the administration, which carries a five- to 10-year sentence for an 'accomplice' and 12 years to life, or even the death penalty, for those designated as 'organisers' of those whose actions have been deemed to be of serious consequence.

I refer specifically to the following individuals, who I stress are just a few of the many human rights activists who are currently detained by the Vietnamese government. Paulus Le Son, a journalist and blogger, is from Thanh Hoa Province. He was arrested on 3 August and I am advised his whereabouts are currently unknown. Peter Ho Duc Hoa, from Yen Hoa parish, is an accountant working for the Tran Dinh stock trading company in Vinh Province. He is a member of the Catholic Professional Business Society. Francis Dang Xuan Dieu is a former Catholic student from Xuan My parish. He too is a member of the Catholic Professional Business Society and also a member of the John Paul II Life Protection Group in the Vinh diocese. John the Baptist Nguyen Van Oai, from Yen Hoa parish, works for a company in Di An, Binh Duong Province. He was arrested at the airport and taken back to his home for a house search. Peter Tran Huu Duc, an information technology student from Van Loc parish, was arrested on 2 August. Anton Dau Van Duong, a tourism student from Van Loc parish, was arrested on the same day. Francis Dang Xuan Tong, a tourism graduate, younger brother of Dang Xuan Dieu, was arrested at midday on 3 August.

In my electorate I have the opportunity to represent a large number of Vietnamese people. Since the fall of Saigon some 36 years ago, Australia has received more than 200,000 Vietnamese refugees. For the Australian Vietnamese people, these happenings in Vietnam
represent real and continuing examples of ongoing human rights abuses. Clearly it remains a major concern for many Vietnamese associations and certainly many of my constituents.

Whilst we should be proud of the fact that we have taken a leading role in developing trade in countries such as Vietnam, I strongly believe that this leading role should extend to demanding that such countries honour their commitments under the International Covenant on Civil and Political Rights, to which Vietnam is a signatory. A valued trading partner needs to pay more than lip service to its international legal obligations if it is to be truly respected. As a signatory to various international conventions, Vietnam has willingly agreed to grant its citizens certain rights, including the rights to freedom and, in particular, freedom of association.

I urge all my parliamentary colleagues to join with me in working towards a genuine respect for the rights and freedoms of citizens in Vietnam. Human rights abuses, wherever they occur, should be a matter for all of us. To ignore is tantamount to excusing, which in turn leads to acceptance. (Time expired)

**Gilmore Electorate: Meals on Wheels**

**Mrs GASH** (Gilmore) (20:21): Recently I attended a meeting of the Parliamentary Friends of Meals on Wheels and was most impressed by the representation from across Australia. Madam Deputy Speaker, I am quite sure you will agree with me that this is across party politics. The volunteers of Meals on Wheels—and there are thousands of them—perform a remarkable job, providing hot nutrition and meals to our aged and infirm, including a number of young people. Almost 80,000 volunteers deliver over 15 million meals a year to about 53,000 recipients. As our population ages, the demand on Meals on Wheels is certain to grow. I am sure the members of this House would share my admiration for people who freely and selflessly give of their time to help others. Not only do they deliver healthy meals; their visit is often the only social interaction many of their clients experience. It is a commendable Australian tradition, echoing the principles of mateship that we are all so proud of.

Despite the evident generosity of the volunteers, there is still a huge cost to keep even this volunteer organisation running. I was surprised to learn that the Australian government subsidises their operation by just $27 million annually. While that might seem a lot, when you distribute that over the area of need it is trifling and needs to be reviewed with some urgency. Each meal costs about $10. That is $150 million in real costs, of which the government's contribution represents just 18 per cent. Where does the other 82 per cent come from? You can then begin to realise the enormity of the challenge to meet their obligations.

Last year I was privileged to help out the Kiama branch. I confess that I had to work hard to keep up with my mentor volunteer, who was actually almost 20 years older than me. Participating directly like this gave me an invaluable insight into the quality and value of this service and into the real people that make it work. They are cheerful, hardworking and totally dedicated, and you only have to look at the face of a client to realise why these volunteers gladly do what they do. It is a reward that money cannot buy.

I would like to pay homage to all the Meals on Wheels branches in Gilmore by reading them into the record of this House. They are Lake Conjola, Milton Ulladulla and Sussex Inlet, which just celebrated its first anniversary—happy birthday to Sussex Inlet. We then have Berry, Culburra Beach, Greenwell Point, Huskisson and Vincentia, Jervis Bay, Nowra and
Bomaderry, Shoalhaven Heads, and Curraong representing the Shoalhaven district. Kiama comes next, taking in the whole of the Kiama local government area. Travelling further north into the Shellharbour area, we have Blackbut, Flinders, Shellharbour, Shell Cove and finally Dunmore. Each of these branches is unique, stamped by the personalities that drive them, but overarching all is the common bond of service to your fellow man. I am extremely proud of each and every individual in these groups and I would love to name them—but of course time will not allow it—because they are very worthy of recognition.

We cannot expect that this remarkable operation will continue forever and a day. We need to recognise the true worth of Meals on Wheels to our community and to the government and lend more substantial support. Meals on Wheels cannot and should not be taken be granted, ever. I tip my hat to this dedicated bunch of good Samaritans and applaud them in their work that brings a little joy to so many lives. We in Gilmore are indeed fortunate to have them living amongst us.

Parramatta Electorate: Gillard Government

Ms OWENS (Parramatta) (20:25): Today I rise to speak about the government's record of delivery, particularly in my electorate of Parramatta. The Labor government has worked hard to ensure that our economy remains strong, in spite of global turmoil. While most of the world has shed jobs, we have created 750,000 since 2007 and are on track to create 500,000 more by 2013. We are meeting the challenges of a patchwork economy; keeping inflation and interest rates much lower than those we inherited from those opposite.

We have also worked hard to ensure a sustainable environment with our clean energy plan, a plan that will cut pollution by making the big polluters pay and drive investment in clean energy.

We made a historic investment into the modernisation of Australian schools. As at the end of September this year $16.2 billion was invested in over 23½ thousand projects in nearly 9,500 schools across Australia. In my electorate of Parramatta schools have benefited from over $100 million in investment, with 139 projects across 58 schools, including 17 multi-purpose halls and 16 libraries. These have included: $850,000 to Westmead Christian Grammar School for construction of library, administration, amenities and storage facilities; $1.7 million to Wentworthville Public School for construction of new administration facilities; $3.1 million to Toongabbie Public School for a multi-purpose hall; $2.5 million to The King's School for construction of a primary library; $2.5 million to Tara Anglican School for Girls for construction of a junior school library and associated refurbishment of the previous library to science classroom; $3,000,000 to St Patrick's Primary School for construction of multi-purpose hall; $800,000 to St Oliver's Primary School for refurbishment of classrooms; and $1.8 million to Parramatta West Public School for construction of new classroom facilities.

This government has also been committed to the continued improvement in the delivery of health services around the country. In Parramatta and wider Western Sydney this has included $36.2 million investment through national health reforms over the next four years, with Westmead Hospital in my electorate receiving the lion's share. We have introduced Medicare Locals to drive improvements in primary care. We also recognise the need to tackle mental health in a much more direct way, and to this end we have delivered a $2.2 billion comprehensive package focussing on early intervention and coordinated care. This is the
largest investment in mental health in Australia's history. I am proud to say that part of the funding will be used to for a new headspace mental health service for young people in my electorate. This service will provide local young people aged between 12 and 25 support for depression, substance abuse and other mental health issues.

Labor has always had at its core the interests of working families. The nation's first ever Paid Parental Leave scheme is evidence of this, as is the Parental Leave Scheme, which will give dads two weeks to spend time with their new babies from 1 January 2013. We have also increased the childcare rebate to 50 per cent in support of working families.

For pensioners we have introduced historic pension reforms which have delivered extra payments worth around $148 per fortnight for singles and $146 per fortnight for couples combined, plus a new work bonus that allows pensioners to work more before it impacts on their pension.

We have delivered income tax cuts for the lower paid that mean a person earning $50,000 a year is now paying $1,750 less in tax and someone earning $80,000 a year is now paying $1,550 less in tax than they were in 2007. We will also triple the tax-free threshold from $6,000 to $18,200, which will deliver tax cuts of at least $300 to around 60 per cent of taxpayers.

We have more than doubled the federal roads budget and increased average annual rail spending by a factor of four. And then of course there is the NBN, being rolled out around the country and connecting communities all around this great nation of ours. There is the National Disability Insurance Scheme, well on schedule—in fact, it is ahead of schedule—a great Labor reform that will provide dignity and security for many people that need it most. Five minutes is not really long enough to talk about all the government has achieved since gaining government in 2007. With the MRRT, which is still being debated in the House, we are of course committed to raising super from nine per cent to 12 per cent, and to providing instant tax write-offs for small business and a lowering of the company tax rate. Again, these are great reforms that will be well and truly welcomed in my community. We will continue to work hard to build a fair society, a society that provides every Australian the opportunity to prosper and succeed in life.

National Archives of Australia

Mrs PRENTICE (Ryan) (20:30): It is now ten months since I was honoured by the House of Representatives by their appointment of me to the National Archives of Australia Advisory Council. I have had big shoes to fill, as the previous representative, the member for Fairfax, served in this position for 14 years. Despite leadership changes in 2011, with both a new chairman and our previous director-general, Ross Gibbs, now taking on the position of state director in the Melbourne office, the acting director-general, Dr Stephen Ellis, and his team have overseen a very active and successful year. The highlight of course was the announcement that the National Archives had been awarded the very prestigious 2011 UNESCO/Jikji Memory of the World Prize for innovation in preserving digital records and heritage documents. The award recognises the National Archives' innovation in this area, their willingness to share research results and their professional leadership. The award also recognises the National Archives for its investigation into the conservation issues surrounding parchment documents written in iron gall ink, which are vulnerable to iron gall corrosion. The effects of this ink on paper have been widely researched but the effects on parchment only

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rarely investigated. Some of the most important records the National Archives holds are on parchment.

As I have commented before in this place, the National Archives has long been recognised internationally for its leading role in digitising records and in information management. Another impact on the operation of the National Archives was the amendments to the Archives Act 1983, approved by parliament in May 2010, which reduced the closed period for most Commonwealth records from 30 to 20 years, and for cabinet notebooks from 50 to 30 years. The examination of records was prioritised to support the accelerated release of cabinet records required by these amendments. One item of discussion and debate which will no doubt be of interest to my colleagues is the definition of a Commonwealth record and, given the multiple roles played by a minister, whether some records they receive or create will be official records or personal papers. We have also seen public discussion about the release of defence records, which has caused considerable privacy concerns among ex-servicemen and ex-servicewomen and their families.

There has been an ongoing program of co-locating state and territory offices since the policy was announced in February. The co-located Adelaide office commenced operation in April, Hobart commenced in October and Darwin has signed an MOU.

In addition to the normal demands on their time, the National Archives were delighted to receive a call from Yarralumla requesting an historic composite of the Queen's previous visits to Australia, which I understand was most appreciated and proved very popular.

The National Archives Advisory Council is well served by experienced and talented members who make a genuine contribution. There are many challenges confronting the National Archives in the years ahead, not the least of which is the huge increase in the volume of digital records being produced by Commonwealth agencies. The most recent surveys, conducted in 2008 and 2009, revealed over 1,000 kilometres of physical records still in agencies.

I particularly enjoyed my first visit to Darwin in July with the advisory council, which coincided with Constitution Day activities and the launch of the National Archives' publication Commonwealth Government Records about the Northern Territory.

Whilst the previous year has been incredibly active and no doubt challenging for the dedicated National Archives staff, 2012 is looking even more exciting. In August 2012, due in no small part to the leading role played by the National Archives, Australia will be hosting the International Council on Archives conference. I know that Aladin Rahemtula is looking forward to welcoming everyone to Brisbane for this major event.

Madam Deputy Speaker, I sometimes think the National Archives is one of our best kept secrets. Located in the original Canberra Post Office, it is a genuine treasure-trove and should be on the must-do list for anyone visiting Canberra. I strongly encourage any members who have not been there to make it a priority in the new year.

I wish to place on record my appreciation to Dr Stephen Ellis and fellow council members for the wonderful contribution they make.

Melbourne Ports Electorate: Sacred Heart Mission

Mr DANBY (Melbourne Ports) (20:34): Sacred Heart Mission in my electorate in Grey Street was formed in 1982 when Father Ernie Smith—who I caught up with again just the
other day—opened his door and shared a meal with a man who was homeless. It was a part of the world, that section of St Kilda, which, to use a biblical expression, the dispossessed of the earth inhabited. A small group of staff and parishioners from Ernie Smith's church helped prepare meals, and within a year they had 70 people arriving each day for lunch. This was the beginning of the Sacred Heart Mission's dining hall coming to life. It now provides breakfast and lunch every day to people in need. It is known right across Melbourne. It represents the very best of our community. Indeed, the day after Christmas Day I think between 600 and 700 people get a nutritious lunch. It is a remarkable combination of people—people from the local Catholic community, people who are on correctional orders, people from the Victorian government, and often, in the past at least, young teenage women from Presentation College.

Last Friday, I attended the farewell of Sacred Heart Mission's CEO, Michael Perusco, at the Sacred Heart Mission in St Kilda. Michael had been the CEO of Sacred Heart since 2003 when he gave up a corporate salary to tackle the issues of homelessness and social justice. I want to thank him for his service to the community and his dedication to the cause, and I wish him well in his future endeavours, which include working here in Canberra in the Prime Minister's department on the issue of social inclusion. With his street experience, there could not be a better person to do that.

Homelessness is an increasing problem, and the Gillard government, as we all know, has invested in providing a home for those without one, investing $45 million in the City of Port Phillip to deliver 224 new homes, repairs and maintenance for 581 existing homes, and a $5.1 million social housing development in St Kilda providing at least 34 people who are homeless or at risk of homelessness with a roof over their heads.

I must say that working with the Sacred Heart Mission has been one of the abiding pleasures of being the member for Melbourne Ports, including giving them some assistance with a former conservative government and the then minister, Bronwyn Bishop. She was surprised when I approached her when she was sitting on the front bench—her colleagues were even more surprised—about one of the institutions of the Sacred Heart Mission which was opening up two months early. It was an institution caring for indigent men who had alcohol problems. Opening two months early meant they did not have their budget, and I am very pleased to say that Mrs Bishop provided some hundreds of thousands of dollars to see that, for those two months, the mission was able to provide that care.

Sacred Heart Mission has played a significant role for those without a home, not only providing a roof over their heads but assisting them by letting them know that they are not alone—that someone cares and is willing to help get them back on their feet. A facility that has helped do this is one the people have generated themselves: their op shops. I started getting some very nice ties from my wife; she had bought them at a Sacred Heart op shop. Then I discovered that she was buying them all around the whole of Melbourne Ports, because the Sacred Heart Mission had opened six op shops. The op shops started off generating $300,000 but now generate over $3 million. I pay tribute to Martin Healey, the man who provides so much wherewithal for people like Michael Perusco and all of the worthwhile people at the Sacred Heart Mission. They do exceptional work in raising funds and supporting people in need. Without the op shops and the dedicated volunteers who assist each day in the dining hall, those in need would not feel like they belong. Sacred Heart Mission gives these people not only a roof, clothing and food, but hope—hope that the day after tomorrow will be
better than today. These acts of kindness cannot be measured. As Robert Kennedy once said, 'Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a ripple of hope.' (Time expired)

White Ribbon Day

Mr NEVILLE (Hinkler—The Nationals Deputy Whip) (20:39): I am very pleased to speak tonight about White Ribbon Day, which we will mark this Friday, 25 November. White Ribbon Day is the UN International Day for the Elimination of Violence Against Women. It is sobering to think that we need such a day at all, but sadly violence against women and children is prevalent in our society and, indeed, around the world and we need to do something about it. The essence of the campaign is to make it clear that violence against women and children is an issue for men—not the women and children themselves. One in three women will experience physical violence and one in five will experience sexual violence during their lifetime. These are horrendous statistics, and they make awareness campaigns like White Ribbon Day all the more important.

Research shows that about 300,000 domestic and family violence events occur in Queensland alone every year, while a nationwide study conducted by the National Council to Reduce Violence Against Women and their Children found that nationwide the cost of domestic violence is estimated to be around $13.6 billion a year. This is an extraordinary figure. According to Dr Rachelle Braaf from the University of New South Wales, domestic violence is 'a huge cost to the Australian economy—not only in responding directly to domestic violence, but also to things like the impact on work and productivity, impact on the healthcare system, impact on the legal system and so on'.

Domestic violence is a particular issue for regional communities, which do not necessarily have the facilities and services to support victims of violence. The agencies which operate in my own electorate do an outstanding job; but they, like all others, are under constant pressure to continue providing their services because of the prevalence of violence against women and children. Bundaberg volunteer Pat Faircloth recently told the Bundaberg NewsMail, our local paper, that the Wide Bay region had a very high rate of violence amongst its young men and that this aspect would be the focus of this year's event. The statistics paint a grim picture. Between July 2009 and June 2010, Bundaberg Magistrates Court handed out 895 domestic violence orders, amounting to about 300 more than in Gladstone and roughly the same as Hervey Bay and Maryborough combined. In the same time frame, 627 people made applications for domestic and family violence orders at Hervey Bay Magistrates Court, while in Maryborough 296 applications were made.

Just what has caused the spike is unclear, but I would think that a combination of factors might be responsible, including tight family budgets, job pressures and unemployment. The good news is that the various communities in my electorate are committed to eliminating violence against women. We have a number of male ambassadors who have made a commitment to stamping out domestic violence. To date, our White Ribbon ambassadors are St Mary's Catholic School Deputy Principal David Boge; Bundaberg MP Jack Dempsey; Bundaberg Brewed Drinks Chairman, Cliff Fleming; NewsMail journalist Vince Habermann; Bundaberg Police Sergeant Ken Hendrie; teacher's aide and NewsMail columnist Jackson McGovern; Queensland Rugby League Wide Bay North Operations Manager, David Pearce; ABC Radio Regional Program Manager, Ross Peddlesden; YMCA Bundaberg CEO, Ian
Rowan; Bundaberg Hospital's Dr Harrie Swanepoel; Bundaberg High Community Education Counsellor Clint Thompson; Bundaberg Eye Clinic Operations Manager, Robbie Boyes; and Hervey Bay Magistrate Graeme Tatnell.

I also commend our local LNP candidate for the seat of Burnett, Stephen Bennett, who joined the Reclaim the Night march in Bundaberg on 28 October. It is good to see candidates like him drilling down into community issues. I commend the member for Fowler for helping to raise awareness of White Ribbon Day by raising it in Private Members' Business this week. I regret that I was not able to speak during the debate itself, but I look forward to lending the cause my strongest support.

Kingston Electorate: Water Infrastructure Projects

Ms RISHWORTH (Kingston) (20:44): I am very pleased to rise today to talk about a number of issues around this government's strong delivery record in my seat. Over the last few weeks and months I have seen a range of different types of infrastructure in my electorate that have been delivered by this government. Whether they have been schools or health care infrastructure, I have been very pleased. In my electorate it is very clear that it is this government that is delivering to the people in the southern suburbs of Adelaide.

But tonight I want to talk about one particular delivery that I am very pleased with. One of the important areas in which the federal government is delivering in my local community is water conservation. In South Australia we know only too well just how precious our water supplies are. We are a particularly dry state, relying heavily on downstream flows from the Murray River to meet both our domestic and our industrial water needs. Communities around our state have been aware of this for some time. I am very pleased that it was this government that delivered to the southern suburbs of Adelaide money for infrastructure to conserve water and re-use the water that is currently in the system. Really, it has been federal Labor that has been meeting the important community expectations that we invest in vital water infrastructure.

The Australian government has invested $34.5 million in Waterproofing the South Stage 1 to provide alternative water sources such as reclaimed water and stormwater to replace the use of traditional water sources, reducing the demand on our scarce freshwater supplies and ensuring that overall water use in the south is more sustainable. I was very pleased to be at one of the launches of this project with the Parliamentary Secretary for Sustainability and Urban Water, Senator Don Farrell, along with the local council and the state government, to turn on one of these projects. All levels of government are working very closely together to ensure that we conserve our water supply.

Recycled stormwater is now available for local reserves and sporting fields in the southern suburbs. Recently the $15 million upgrade at Christie Creek—the final component of Waterproofing the South Stage 1—was completed. This local project alone has the capacity to supply up to 850 megalitres of stormwater for re-use in the Christies Beach and Morphett Vale areas. Stormwater harvesting projects like this are critical, because they enable communities to plan for the future by using water supplies as efficiently as possible.

The benefits of this particular project are many. This upgrade will not only help to reduce our reliance on the River Murray in the southern Adelaide region but also improve the quality of stormwater discharged into the Gulf to ensure the health of our local ocean ecosystems into
the future. Furthermore, the project has had a positive outcome for local residents and community groups, who are already talking about what they plan to use in the attractive new wetland areas that are being constructed throughout this project, providing open space and wonderful aesthetic areas in their local communities. I know that one local group even has its eye on the wetlands as a potential launch site for its miniature sailboats. This project is, once again, about keeping our parks and reserves green in a sustainable way.

During the drought, for many people it was their local parks that had to be sacrificed because of lack of water to keep the trees alive. With this project, over 40 school ovals, sporting fields and council reserves are now set to benefit from this recycled water and stormwater to ensure that these areas do stay green and that our water is once again used very sustainably.

Another project that has been funded through this project is the Southern Urban Reuse Project, which has allowed 500 residential properties in Seaford Meadows to reconnected to recycled water for non-potable things such as watering their gardens and flushing their toilets so that they can once again preserve their fresh water supplies. And this is just the start.

So I am very pleased that, building on this success, the federal government has provided funding of $14.97 million for Waterproofing the South Stage 2, which once again seeks to re-use stormwater. South Australians know about conservation of our precious water supplies. They are pleased, in communities right across my electorate, that we are investing in infrastructure that will help them use water sensibly into the future.

McMillan Electorate: St Joseph's Primary School

Mr BROADBENT (McMillan) (20:49): This address is taken from a speech given by Greg Synan, the principal of St Joseph's Primary School in Korumburra, when I was there for the opening of part of their new school. The school is in Korumburra, which is a magnificent small town in my electorate.

He spoke of the investment in our children as they are the future of our great country, Australia. He went on to quote some of his colleagues:

They always try to meet and know the parents well, because it helps them to forgive the children.

He then said:

Well, that is not the case here at St. Joe's, because at St Joe's they have a wonderful parent body who are committed to giving their children the best possible start.

I was so impressed with his speech. Mr Synan spoke of some telltale signs at the school:

Hugs and kisses at drop off time in the morning. I see a lot of those. Check the lunch boxes. Are students' basic needs being met at St Joe's? Absolutely! Is the school uniform clean and showing pride? A big tick here at St Joe's. Are parents hearing their children read at home and helping with homework? Yes! Do the parents support and help the school? Absolutely!

And of course there was just one more thing Mr Synan mentioned:

Are the children smiling?

Well, you can be assured that the students at St Joe's are always smiling.

The principal pointed out that you always know if your dog is healthy when he has a wet nose! Well, there were a lot of wet noses at St Joe's the day I was there. One little secret they shared with me was that the parents of St Josephs are the best cooks. I can vouch for that.
because I saw the morning tea and had a taste of one of those very special fruit cakes. Thank you to the person who made it.

The second component to this investment portfolio is the staff at St Joe's. Greg went on to say:

Russell, I need you to go back and let the people on Capital Hill know that the teachers at St Joe's are among the best you will find. Good teaching is more about who you are than what you teach. Good teachers teach from the heart more than from the head. Good teachers explain complexity, but gifted teachers, like the ones we have here at St Joe's, not only explain complexity they reveal simplicity. We know that when a student fails so too have we!

Russell, please go back to Canberra and let your colleagues know that the teachers at St Joe's are lovers of life and lovers of learning, but most importantly they know and love each and every individual student here at St Joseph's. We have high expectations for who they are and who they will be. These 'buds', these beautiful little people, are the reason we love teaching, specifically teaching here at St Josephs at Korumburra!

Lastly he said:

Russell, I would like to discuss the greatest yielding component of this investment the government of the day is putting into our school—the real gold—and it is sitting here before us: the children of St Joseph's at Korumburra, the children of Australia and the future of Australia. I have been to hundreds of school openings. I have been to many school events. I have never in my life heard a principal speak with such compassion and passion about his school, his students, his parent bodies, his teachers and the school itself.

For all the money that has been poured into primary education, I wish this nation were wealthy enough that we could do the same for secondary education. I will get into trouble because they will say, 'He is praising the BER. We will use that tomorrow in question time.' Actually, I do not care. What I care about is this: the Catholic schools, through the system in Victoria, have done amazing things in their schools with the money they have been given. When I first went to McMillan in 1996 and then left in 1998 and then came back in, we had not spent as a nation any money in those Catholic schools for 25 years. And now we have. We are praising those students. I am praising this principal. I am praising what the schools have done and the contribution they have also made—the extra money, the extra effort, they have made the money go further. I would like to take you to St Joe's at Korumburra so that you could stand there in the classroom and look out of the sheet of glass over their oval and then to the broader countryside in Korumburra. No wonder Mr Synan was able to speak with such compassion and passion and professionalism. He obviously put a lot of work into the speech he gave that day.

La Trobe Electorate: Gillard Government

Ms SMYTH (La Trobe) (20:54): I have to say I am very pleased to be following the previous member, a new neighbour of mine, and I am perhaps going to continue some of the themes around investment in education. I am pleased to be able to participate in the same debate this evening. This is what will probably be my final adjournment debate for 2011, and I would like to reflect on some of the things that this year and this government have delivered to Australia as a whole and to my electorate in particular, and to update members on some of the things that have been happening in my electorate in recent weeks.
The year has gone incredibly quickly, in large part, I say, because this has been one of the most productive parliaments and one of the most determined governments that our nation has seen. As a government we have had a keen commitment to supporting jobs growth. Certainly the Treasurer reflected on that very much today, and rightly so. The jobs focus has been very much on display in my electorate, beginning with the economic stimulus, which ensured that hundreds of thousands of Australian workers right across the country were protected in their jobs at a time when the economy was facing volatile activity worldwide and pressures upon it. Australian workers remain employed because of the actions of this government, and I reflect on that each time I pass the social housing development which has been newly constructed to the north of my electorate and which supported several workers locally and many more who were employed from various parts of the state. It is one of the things brought home to me when I visit the many schools in my electorate which benefited from the stimulus package because those initiatives, and so many other initiatives of this government since, have supported jobs and jobs growth so that we now see jobs growth and jobs created to the tune of 750,000 during the term of this government.

In the last few weeks I have had great delight in speaking to children, parents and teachers at one of the recipients of BER funding in my electorate, Timbarra P to 9 school, where I opened impressive new classroom and library facilities funded under that program. I was particularly pleased to speak to the school leadership team, who are very much dedicated to further training and employment of their students. Our focus on education as a government has not wavered since coming to office. We have made unprecedented capital investments. We have begun implementation of a national curriculum. We are delivering an extra $200 million for students with disabilities. In the time available to me, these things are only a snapshot of the great endeavours that have been taken on by this government this year and during its term.

I had the pleasure last week of visiting Harkaway Primary School, where I opened another significant new facility for a school that has stretched through a 135-year history. I know that the enthusiasm and the dedication of the staff certainly have not waned across all those years and all those generations. I was also extremely pleased to visit Gembrook Primary School to open their new BER building, and I know that that school has a very clear interest in and commitment to environmental sustainability. Indeed, it is very often that I hear from school students about action on sustainability and climate change. I was asked questions about these issues when I visited Mater Christi College in Belgrave with the education minister in recent weeks. I was asked the same thing at Belgrave South Primary School in recent weeks. I know that our future generation is very keenly aware that these are the issues that are going to impact most on them. So, in this year of action, this year of delivery, this government, and I as a member of it, has acted on the significant issue of climate change by putting a price on carbon pollution.

In addition to this, I was very pleased to meet a different group of people concerned with climate change, representatives of the very many Uniting, Anglican and Catholic church congregations in my electorate, who came together about an important issue of social justice—namely, the effect of climate change upon some of the world's poorest countries. They brought that issue to me and raised it as something that local people involved in church activities are keenly aware of and are trying to raise the profile of in our community.
We have seen a commitment to education and training, we have seen a commitment by this government nationally and locally to jobs and initiatives that support jobs and we have seen a commitment to action on a variety of things which support future prosperity—a clean energy future and the distribution of the significant wealth of our country amongst a variety of groups within our society.

In the short time available to me I am very pleased to be able to mention the National Disability Insurance Scheme, something that is being campaigned on and is alive and well in spirit in my electorate, as is significant interest in aged care and ageing. Forums on each of these issues were held in my electorate over recent weeks, and clearly the issues that are being focused on by us as a government nationally are very much reflected at a local level. Forums on each of these issues were held in my electorate over recent weeks, and clearly the issues that are being focused on nationally by us as a government are very much reflected at a local level.

Information Technology

Mr HUSIC (Chifley—Government Whip) (20:59): I wanted to take the opportunity to provide an update on the campaign to get Australians fairer prices on the IT hardware and software they purchase.

When we are paying up to 80 per cent more for software compared to US or UK customers, despite a strengthened purchasing power that flows from a historically high Aussie dollar, you know something does not add up. As I have said before, I am especially concerned about the impact that has on small businesses here. They are being asked to shoulder an utterly unfair burden.

According to a recent economic note issued by Treasurer Swan, it appears that there has been a slight easing of the burden—good news. Analysis of the most recent CPI data indicates that Australian prices for computing-related equipment actually contracted in the previous quarter. As I said, that is great, but we have still got a way to go in seeing some fairer pricing.

I certainly welcome the Treasurer’s economic note, with the reference in there to the fact that the federal government has asked the Productivity Commission to review the extent of IT price discrimination in Australia. That was an important step, and it came about as a result of the tremendous assistance of the Parliamentary Secretary to the Treasurer, David Bradbury. Since late September, the commission welcomed further submissions from the public on the impact of IT price differentials. I want to congratulate those members of the public that made submissions to ensure their thoughts were considered.

Submissions ranged from organizations such as the Association of Professional Engineers, Scientists and Managers Australia—APESMA—to average consumers, some who did not actually hold back in their comments. One consumer commented:

I believe that these enforced price differentials, especially for online downloads, are baseless and exploitative of the average Australian consumer, who will not complain about the price for the sake of convenience and minimal hassle.

They certainly did not miss there with that comment, letting people know exactly what they think. Again, I want to thank people who made submissions and also the other members of the public who have been contacting me, supportive of this overall campaign.
I understand from inquiries I made today that the Productivity Commission has submitted its overall review into the economic structure and performance of the Australian retail industry, of which this issue—IT pricing differentials—will form a part. This report is being considered by the government now, and I am led to believe will be released next month.

When I scanned the submissions listed on the Productivity Commission website, something else became glaringly obvious: not a single one of the major vendors took the opportunity to make a submission to the commission. It is staggering that with all the interest in this matter, the vendors and companies like Adobe, Apple, Lenovo or Microsoft did not take the chance to comment or to try to better educate the public on their side of the story about why prices differ so markedly. I suspect these companies believe they can ride out the sustained public focus on this matter.

This view was borne out to me by a comment passed on by a journalist, who put this issue to a senior IT exec who said that they ‘didn’t really care what government thought about this issue, we’ll charge what we want.’ I know that one comment by one senior executive does not represent the views of the entire sector, but their overall failure to respond meaningfully to this matter over months speaks volumes. If there are some people who take the view that they do not need to respond to this, or that they can ride it out, I would urge them to consider the following points.

Firstly, there is over $2 billion worth of IT procurement made by the federal government. On top of this it is worth noting that under a coordinated procurement contracting framework that was signed between the Australian government and Microsoft in 2010-11, the Australian government spent over $95 million on licenses and software assurance through this volume source arrangement. Government spends a great deal on IT software and hardware. Certainly, I intend to follow up within government about what measures are in place to ensure that we are getting value for money and that we are not seeing inflated prices that are affecting the Australian government and therefore the taxpayer because the major vendor companies think that they can charge whatever they want, as quoted in that offhand remark. Frankly, I think that we need to ensure that there is value for money for government, for consumers and for small business. If they think they can ride this out, I would beg to differ and urge them actually to be a lot more transparent in the way that they approach this issue.

**Preston, Mr Neil, OAM**

Ms BIRD (Cunningham) (21:04): I acknowledge a very important local leader in our community who is retiring. Unfortunately, I will not be able to make his retirement function, but I have taken the opportunity to put a message through to him for that event. His name is Neil Preston. Neil is the manager of the Greenacres Disability Services in the Wollongong area and is very, very well known to many in our community and indeed to many in this place as a fierce and constant advocate for those with a disability.

Only the other week, I and the member for Throsby hosted Senator Jan McLucas, as the parliamentary secretary for disabilities, into the area on a surprise visit to Neil at work to present him with a certificate of appreciation for his years of public service and advocacy in the disability sector. Senator McLucas acknowledged in that presentation and on the certificate that was given to Neil that he was an agitator and an advocate of the first order. It is certainly something that many in our community are going to miss, in terms of the tremendous work Neil has done, not only in running a very important disability service in our
community but for his determination to make work in the disability sector a valued, remunerated and important component of the lives of the people with a disability that he was working with. Whilst Neil talks about retirement, I am sure that that retirement will involve ongoing advocacy and engagement on an issue that has been very dear to his heart for 16 years and to which he has been such a tremendous asset.

As an engineer for the heavy manufacturing sector, Neil did sometimes wonder how he ended up in the disability sector. I am a believer that sometimes in life things work out that we end up where we are most meant to contribute to the broader community that we are a part of. That is certainly the case with Neil. While I have no doubt that he had a sterling, outstanding career as an engineer in the heavy manufacturing sector, I am also sure that the many, many lives that he touched in his role in the disability sector are a legacy that any one of us in this place would be proud to leave behind. Indeed, the former Parliamentary Secretary for Disabilities and Children’s Services, Mr Bill Shorten, has reflected that any great progress in the disability sector will certainly have the traceable fingerprints of Neil Preston on them, as he has been such a great advocate.

I conclude my remarks on Neil’s contribution by reflecting on a very, very significant achievement this year by this government—one of many, I acknowledge, but one that I think is very much appreciated. Whilst there is a lot of work to be done, it is good for it to be underway. It is the National Disability Insurance Scheme. It certainly has been long overdue, and I think it will make a profound difference to the lives of not only those born with a disability, in particular, or those who acquire disabilities through circumstances where they do not have insurance to cover that situation but their families and carers as well. It is a very important initiative that I know Neil very much welcomed.

I certainly acknowledge the Every Australian Counts campaign, which I know many people in this place across all party divides have supported. You only have to go on their website and you will see all the members of parliament who are very keenly supporting the campaign that they are running, because we all know through our own constituencies that it is well overdue and will be a very important change to the sector.

Neil goes in some ways at the beginning of what I hope is a very exciting time for the sector as we progress the National Disability Insurance Scheme, but he certainly goes knowing that he has been a great part of getting us to the point where we are now. I have no doubt, knowing Neil, that, despite his plans for spending some time travelling and doing some things that he has put on his bucket list for too long, he will still be sending emails and advocating from wherever he may be, whatever he may be doing. In the Illawarra we all look forward to that, and I am sure that, even in this House, ministers and parliamentary secretaries also look forward to receiving Neil’s emails.

Question agreed to.

Main Committee adjourned at 21:10.
QUESTIONS IN WRITING

Computers in Schools
(Question No. 581)

Mr Christensen asked the Minister for School Education, Early Childhood and Youth, in writing, on 12 September 2011:

In respect of the Computers in Schools program, in the electorates of Dawson and Capricornia, what (a) total number of computers have been delivered, and (b) is the computer to student ratio (broken down by school).

Mr Garrett: The answer to the honourable member's question is as follows:

(a) The total number of computers that had been installed at schools in the electorate of Dawson as at 30 June 2011 was 2,971.

The total number of computers that had been installed at schools in the electorate of Capricornia as at 30 June 2011 was 4,029.

(b) Based on a 2008 Preliminary Survey conducted by the Department of Education, Employment and Workplace Relations, and progress reports received to date from government and non-government education authorities, all eligible schools in Australia are now at a computer to student ratio of 1:2 or better. This includes schools with students in Years 9 to 12 in the electorates of Dawson and Capricornia.

As outlined in the most recent progress report on 15 July 2011, government and non-government education authorities have advised that schools are on track to move from a ratio of 1:2 to a ratio of 1:1 by the end of 2011.

Australian Sports Commission and Australian Institute of Sport: Staffing
(Question No. 617)

Mr Hartsuyker asked the Minister representing the Minister for Sport, in writing, on 21 September 2011:

1 How many staff are employed by the Australian Sports Commission (ASC), including employees of the Australian Institute of Sport (AIS).

2. Of the total number of staff employed by the ASC and AIS, how many are employed in
   (a) administrative roles,
   (b) coaching roles,
   (c) executive roles,
   (d) full-time positions,
   (e) permanent part-time positions, and
   (f) casual positions.

3. How many ASC and AIS staff are located in
   (a) each Australian State and Territory, and
   (b) overseas.

4. How many staff are employed by the ASC in relation to the Active After School Communities program.

5. Do the ASC and AIS engage contractors to provide services in addition to services provided by employees of the ASC and AIS; if so, how many contractors were engaged by the ASC and AIS in 2010-11, and for what total sum.
Ms Kate Ellis: The Minister for Sport has provided the following answer to the honourable member's question:

1. At 31 August 2011 the ASC had 754.2 full time equivalent (FTE) positions (excluding casual employment).
2. The workforce comprised:
   (a) Administrative roles 705.6 FTE
   (b) Coaching roles 43.6 FTE
   (c) Executive roles 5.0 FTE
   (d) Full-time positions 735.4 FTE
   (e) Permanent part-time positions 15.2 permanent
   (f) Casual positions 34.4 year to date
   An additional 3.6 fixed term part time staff are included in the total FTE count at question 1.
3. (a) ACT 510 FTE positions
   NT 8 FTE positions
   NSW 61 FTE positions
   QLD 49 FTE positions
   SA 31 FTE positions
   TAS 6 FTE positions
   VIC 54 FTE positions
   WA 28 FTE positions
   (b) Overseas 7 FTE positions
4. 197.5 FTE positions.
5. 16 contractors. The total sum expended in relation to these during 2010-11 was $1,324,534.

Australian Institute of Sport: Athlete Scholarships
(Question No. 618)

Mr Hartsuyker asked the Minister representing the Minister for Sport, in writing, on 21 September 2011:
On what basis does the Australian Institute of Sport determine how many athlete scholarships will be awarded in each particular sport in a given year?

Ms Kate Ellis: The Minister for Sport has provided the following answer to the honourable member's question:
The Australian Institute of Sport (AIS), in collaboration with each respective national sporting organisation, determines the number of athlete scholarships to be awarded based on agreed strategy, performance standards and available budget.

Australian Sports Commission: National Sporting Organisations Funding
(Question No. 619)

Mr Hartsuyker asked the Minister representing the Minister for Sport, in writing, on 21 September 2011:
What National Sporting Organisations were funded through the Australian Sports Commission to implement High Performance Plans.
Ms Kate Ellis: The Minister for Sport has provided the following answer to the honourable member's question:
Information on all National Sporting Organisations and National Sporting Organisations for people with Disability who have received funding from the Australian Sports Commission can be viewed at:

Australian Sports Commission and Australian Institute of Sport: Travel
(Question No. 620)

Mr Hartsuyker asked the Minister representing the Minister for Sport, in writing, on 21 September 2011:
In respect of the Australian Sports Commission, including the Australian Institute of Sport, what total sum was spent in 2010-11 on (a) travel, and what was the breakdown of airfares for (i) international economy class, (ii) international business class, (iii) international first class, (iv) domestic business class, and (v) domestic economy class, (b) advertising, and (c) hospitality and entertainment.

Ms Kate Ellis: The Minister for Sport has provided the following answer to the honourable member's question:
(a) (i) $1,516,007  
(ii) $66,668  
(iii) $ Nil  
(iv) $61,996  
(v) $2,259,448
In addition the Australian Sports Commission, including the Australian Institute of Sport, spent $24,297 on travel airfares for mixed domestic business and economy travel airfares during 2010-11.
(b) $281,778  
(c) $30,857

Australian Government Sports Training Grants: Means Testing
(Question No. 621)

Mr Hartsuyker asked the Minister representing the Minister for Sport, in writing, on 21 September 2011:
Are Australian Government Sports Training Grants means tested; if not, why not?

Ms Kate Ellis: The Minister for Sport has provided the following answer to the honourable member's question:
Yes. It should be noted that the Australian Government Sports Training Grant is now known as Direct Athlete Support.