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For searching purposes use http://parlinfo.aph.gov.au

SITTING DAYS—2011

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RADIO BROADCASTS

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FORTY-THIRD PARLIAMENT
FIRST SESSION—FOURTH PERIOD

Governor-General

Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

Senate Office holders

President—Senator Hon. John Joseph Hogg

Deputy President and Chair of Committees—Senator Stephen Shane Parry

Temporary Chairs of Committees—Senators Judith Anne Adams, Christopher John Back, Thomas Mark Bishop, Suzanne Kay Boyce, Douglas Niven Cameron, Patricia Margaret Crossin, David Julian Fawcett, Mary Jo Fisher, Helen Evelyn Kroger, Scott Ludlam, Gavin Mark Marshall, Claire Mary Moore and Louise Clare Pratt, Ursula Mary Stephens and Mark Lionel Furner

Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans

Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy

Leader of the Opposition in the Senate—Senator Hon. Eric Abetz

Deputy Leader of the Opposition in the Senate—Senator Hon. George Henry Brandis SC

Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig

Manager of Opposition Business in the Senate—Senator Mitchell Peter Fifield

Senate Party Leaders and Whips

Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans

Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy

Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz

Deputy Leader of the Liberal Party of Australia—Senator Hon. George Henry Brandis SC

Leader of The Nationals—Senator Barnaby Thomas Gerard Joyce

Deputy Leader of The Nationals—Senator Fiona Nash

Leader of the Australian Greens—Senator Robert James Brown

Deputy Leader of the Australian Greens—Senator Christine Anne Milne

Chief Government Whip—Senator Anne McEwen

Deputy Government Whips—Senators Carol Louise Brown and Helen Beatrice Polley

Chief Opposition Whip—Senator Helen Kroger

Deputy Opposition Whips—Senators Judith Anne Adams and David Christopher Bushby

The Nationals Whip—Senator John Reginald Williams

Australian Greens Whip—Senator Rachel Mary Siewert

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(1) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

(2) Chosen by the Parliament of New South Wales to fill a casual vacancy to be filled (vice H. Coonan, resigned 22.8.11), pursuant to section 15 of the Constitution.

**PARTY ABBREVIATIONS**


**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
GILLARD MINISTRY

Prime Minister                                Hon. Julia Gillard MP
Deputy Prime Minister, Treasurer             Hon. Wayne Swan MP
Minister for Regional Australia, Regional Development and Local Government Hon. Simon Crean MP
Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate Senator Hon. Chris Evans
Minister for School Education, Early Childhood and Youth Hon. Peter Garrett AM, MP
Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate Senator Hon. Stephen Conroy
Minister for Foreign Affairs                  Hon. Kevin Rudd MP
Minister for Trade                            Hon. Dr Craig Emerson MP
Minister for Defence and Deputy Leader of the House Hon. Stephen Smith MP
Minister for Immigration and Citizenship      Hon. Chris Bowen MP
Minister for Infrastructure and Transport and Leader of the House Hon. Anthony Albanese MP
Minister for Health and Ageing                Hon. Nicola Roxon MP
Minister for Families, Housing, Community Services and Indigenous Affairs Hon. Jenny Macklin MP
Minister for Sustainability, Environment, Water, Population and Communities Hon. Tony Burke MP
Minister for Finance and Deregulation         Senator Hon. Penny Wong
Minister for Innovation, Industry, Science and Research Senator Hon. Kim Carr
Attorney-General and Vice President of the Executive Council Hon. Robert McClelland MP
Minister for Agriculture, Fisheries and Forestry and Manager of Government Business in the Senate Senator Hon. Joe Ludwig
Minister for Resources and Energy and Minister for Tourism Hon. Martin Ferguson AM, MP
Minister for Climate Change and Energy Efficiency Hon. Greg Combet AM, MP

[The above ministers constitute the cabinet]
GILLARD MINISTRY—continued

Minister for the Arts
Minister for Social Inclusion
Minister for Privacy and Freedom of Information
Minister for Sport
Special Minister of State for the Public Service and Integrity
Assistant Treasurer and Minister for Financial Services and Superannuation
Minister for Employment Participation and Childcare
Minister for Indigenous Employment and Economic Development
Minister for Veterans' Affairs and Minister for Defence Science and Personnel
Minister for Defence Materiel
Minister for Indigenous Health
Minister Assisting the Prime Minister on Mental Health Reform
Minister for the Status of Women
Minister for Social Housing and Homelessness
Special Minister of State
Minister for Small Business
Minister for Home Affairs and Minister for Justice
Minister for Human Services
Cabinet Secretary
Parliamentary Secretary to the Prime Minister
Parliamentary Secretary to the Treasurer
Parliamentary Secretary for School Education and Workplace Relations
Minister Assisting the Prime Minister on Digital Productivity
Parliamentary Secretary for Trade
Parliamentary Secretary for Pacific Island Affairs
Parliamentary Secretary for Defence
Parliamentary Secretary for Immigration and Multicultural Affairs
Parliamentary Secretary for Infrastructure and Transport and Parliamentary Secretary for Health and Ageing
Parliamentary Secretary for Disabilities and Carers
Parliamentary Secretary for Community Services
Parliamentary Secretary for Sustainability and Urban Water
Minister Assisting on Deregulation and Public Sector Superannuation
Minister Assisting the Attorney-General on Queensland Floods Recovery
Parliamentary Secretary for Agriculture, Fisheries and Forestry
Minister Assisting the Minister for Tourism
Parliamentary Secretary for Climate Change and Energy Efficiency

Hon. Simon Crean MP
Hon. Tanya Plibersek MP
Hon. Brendan O'Connor MP
Senator Hon. Mark Arbib
Hon. Bill Shorten MP
Hon. Kate Ellis MP
Senator Hon. Mark Arbib
Hon. Warren Snowdon MP
Hon. Jason Clare MP
Hon. Warren Snowdon MP
Hon. Mark Butler MP
Hon. Kate Ellis MP
Hon. Nick Sherry MP
Senator Hon. Mark Arbib
Hon. Tanya Plibersek MP
Hon. Mark Dreyfus QC, MP
Hon. David Bradbury MP
Senator Hon. Jacinta Collins
Senator Hon. Stephen Conroy
Hon. Justine Elliot MP
Hon. Richard Marles MP
Senator Hon. David Feeney
Senator Hon. Kate Lundy
Hon. Catherine King MP
Senator Hon. Jan McLucas
Hon. Julie Collins MP
Senator Hon. Don Farrell
Senator Hon. Nick Sherry
Senator Hon. Joe Ludwig
Hon. Dr Mike Kelly AM, MP
Senator Hon. Nick Sherry
Hon. Mark Dreyfus QC, MP
SHADOW MINISTRY

Leader of the Opposition  Hon. Tony Abbott MP
Deputy Leader of the Opposition and Shadow Minister for Foreign Affairs and Shadow Minister for Trade  Hon. Julie Bishop MP
Leader of the Nationals and Shadow Minister for Infrastructure and Transport  Hon. Warren Truss MP
Leader of the Opposition in the Senate and Shadow Minister for Employment and Workplace Relations  Senator Hon. Eric Abetz
Deputy Leader of the Opposition in the Senate and Shadow Attorney-General and Shadow Minister for the Arts  Senator Hon. George Brandis SC
Shadow Treasurer  Hon. Joe Hockey MP
Shadow Minister for Education, Apprenticeships and Training and Manager of Opposition Business in the House  Hon. Christopher Pyne MP
Shadow Minister for Indigenous Affairs and Deputy Leader of the Nationals  Senator Hon. Nigel Scullion
Shadow Minister for Regional Development, Local Government and Water and Leader of the Nationals in the Senate  Senator Barnaby Joyce
Shadow Minister for Finance, Deregulation and Debt Reduction and Chairman, Coalition Policy Development Committee  Hon. Andrew Robb AO, MP
Shadow Minister for Energy and Resources  Hon. Ian Macfarlane MP
Shadow Minister for Defence  Senator Hon. David Johnston
Shadow Minister for Communications and Broadband  Hon. Malcolm Turnbull MP
Shadow Minister for Health and Ageing  Hon. Peter Dutton MP
Shadow Minister for Families, Housing and Human Services  Hon. Kevin Andrews MP
Shadow Minister for Climate Action, Environment and Heritage  Hon. Greg Hunt MP
Shadow Minister for Productivity and Population and Shadow Minister for Immigration and Citizenship  Mr Scott Morrison MP
Shadow Minister for Innovation, Industry and Science  Mrs Sophie Mirabella MP
Shadow Minister for Agriculture and Food Security  Hon. John Cobb MP
Shadow Minister for Small Business, Competition Policy and Consumer Affairs  Hon. Bruce Billson MP

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

Shadow Minister for Employment Participation
    Shadow Minister for Justice, Customs and Border Protection
    Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation
    Shadow Minister for Childcare and Early Childhood Learning
    Shadow Minister for Universities and Research
    Shadow Minister for Youth and Sport and Deputy Manager of Opposition Business in the House
    Shadow Minister for Indigenous Development and Employment
    Shadow Minister for Regional Development
    Shadow Special Minister of State
    Shadow Minister for COAG
    Shadow Minister for Tourism
    Shadow Minister for Defence Science, Technology and Personnel
    Shadow Minister for Veterans’ Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC
    Shadow Minister for Regional Communications
    Shadow Minister for Ageing and Shadow Minister for Mental Health
    Shadow Minister for Seniors
    Shadow Minister for Disabilities, Carers and the Voluntary Sector and Manager of Opposition Business in the Senate
    Shadow Minister for Housing
    Chairman, Scrutiny of Government Waste Committee
    Shadow Cabinet Secretary
    Shadow Parliamentary Secretary Assisting the Leader of the Opposition
    Shadow Parliamentary Secretary for International Development Assistance
    Shadow Parliamentary Secretary for Roads and Regional Transport
    Shadow Parliamentary Secretary to the Shadow Attorney-General
    Shadow Parliamentary Secretary for Tax Reform and Deputy Chairman, Coalition Policy Development Committee
    Shadow Parliamentary Secretary for Regional Education
    Shadow Parliamentary Secretary for Northern and Remote Australia
    Shadow Parliamentary Secretary for Local Government
    Shadow Parliamentary Secretary for the Murray-Darling Basin
    Shadow Parliamentary Secretary for Defence Materiel
    Shadow Parliamentary Secretary for the Defence Force and Defence Support

Hon. Sussan Ley MP
Mr Michael Keenan MP
Senator Mathias Cormann
Hon. Sussan Ley MP
Senator Hon. Brett Mason
Mr Luke Hartsuyker MP
Senator Marise Payne
Hon. Bob Baldwin MP
Hon. Bronwyn Bishop MP
Senator Marise Payne
Hon. Bob Baldwin MP
Mr Stuart Robert MP
Senator Hon. Michael Ronaldson
Mr Luke Hartsuyker MP
Senator Concetta Fierravanti-Wells
Hon. Bronwyn Bishop MP
Senator Mitch Fifield
Senator Marise Payne
Mr Jamie Briggs MP
Hon. Philip Ruddock MP
Senator Cory Bernardi
Hon. Teresa Gambaro MP
Mr Darren Chester MP
Senator Gary Humphries
Hon. Tony Smith MP
Senator Fiona Nash
Senator Hon. Ian Macdonald
Mr Don Randall MP
Senator Simon Birmingham
Senator Gary Humphries
Senator Hon. Ian Macdonald
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<td>Shadow Parliamentary Secretary for Primary Healthcare</td>
<td>Dr Andrew Southcott MP</td>
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<td>Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health</td>
<td>Mr Andrew Laming MP</td>
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<td>Shadow Parliamentary Secretary for Supporting Families</td>
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<td>Senator Michaelia Cash</td>
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<td>Shadow Parliamentary Secretary for Environment</td>
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<tr>
<td>Shadow Parliamentary Secretary for Innovation, Industry, and Science</td>
<td>Senator Hon. Richard Colbeck</td>
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**TUESDAY, 8 NOVEMBER 2011**

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Tuesday, 8 November 2011

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 10:00, read prayers and made an acknowledgement of country.

BILLS
Clean Energy Bill 2011
Clean Energy (Consequential Amendments) Bill 2011
Clean Energy (Income Tax Rates Amendments) Bill 2011
Clean Energy (Household Assistance Amendments) Bill 2011
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Clean Energy Regulator Bill 2011
Climate Change Authority Bill 2011

In Committee
Debate resumed.

CLEAN ENERGY BILL 2011

The CHAIRMAN: The committee is considering the Clean Energy Bill 2011 and amendments (4), (10) to (14) and (29) on sheet 7165 moved by Senator Xenophon.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:01): I understand that towards the close of business last night Senator Xenophon moved these amendments and I would like to respond on behalf of the government. The government opposes these amendments because they set out a less effective, less efficient and more expensive way of reducing greenhouse gas emissions in the electricity sector. The government and other members of the Multi-Party Climate Change Committee did consider a range of options to price carbon, including an intensity based approach. The government also consulted with the business community and other stakeholders on the viability of such a model in light of a set of agreed principles for pricing carbon. The government, the business community, the Multi-Party Climate Change Committee members and other stakeholders rejected this approach.

The amendments would weaken incentives to reduce emissions through energy efficiency. Treasury modelling based on conservative assumptions estimates that responding to carbon signals in electricity prices accounts for almost 50 per cent of abatement from the electricity sector to 2020. The response in the form of reduced...
electricity use delivers 60 million tonnes of emission reductions between 2013 and 2020. Conversely, these amendments provide even weaker incentives for households and businesses to reduce emissions than the amendments proposed under the CPRS. It reduces the effectiveness of the carbon price and requires that other more expensive abatement options must be pursued in instead, including greater purchases of international permits.

The amendments would entail a high budgetary cost. If this option were pursued it would require other initiatives to be cut back. Based on our very preliminary estimates, the effect of the proposed part 8A is to allocate around 2.5 billion permits to electricity generators over the next 19 years with a potential total value in today's dollars of over $80 billion. The amendment would lock in benchmarks by which carbon units are allocated to generators, ignoring real world uncertainties over future national targets and future electricity demand. This would likely render these benchmarks entirely inappropriate. It is for these reasons that the government is opposing these amendments proposed by Senator Xenophon.

Senator XENOPHON (South Australia) (10:04): I completely repudiate what the government has said in relation to this. Let us put the process into perspective. Part of this process is that this debate is going to be guillotined in less than an hour, which is completely unsatisfactory. The so-called Multi-Party Climate Change Committee was a committee that, by choice, the coalition did not participate in. I tried to get on it but was not allowed to participate in it. I wonder how broad it was in terms of seeking the best possible abatement solutions. The work done by Frontier Economics, using the same model as that used by Treasury, indicates that over 10 years this scheme, with less churn, less revenue burn and less inefficiency, would actually save $47 billion over 10 years. These are people that undertake work in the real world. They deal with governments of both political persuasions. They deal with industry. They deal with NGOs. I believe their research is impeccable. It demonstrates that what the government is proposing to do involves an enormous amount of churn. It involves putting a price on all carbon rather than a price above a baseline that you are seeking to achieve. It creates enormous inefficiencies. It creates distortions in our tax system. The intensity approach is equivalent to introducing a tax on emissions but providing a targeted reduction in a production or company tax. The carbon tax that is proposed here introduces a distortion and it will be a drag on the economy with little environmental gain. I maintain the position that this is a much more effective and efficient way of dealing with it. The so-called Multi-Party Climate Change Committee did not adequately look at the Frontier approach, an alternative approach that would have delivered a much better environmental outcome at a much lower cost to industry and to taxpayers.

Senator McKENZIE (Victoria) (10:06): I have not had a chance to contribute to this debate. I am very conscious of time and the guillotine that is coming. I have a couple of questions that I want to ask on the bills before us. Parliamentary Secretary, will regions that are significantly reliant on dairy farming—such as dairy farming—we have heard over the course of the debate about the impact on dairy farmers—be able to access the regional structural assistance package?

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:07): The carbon price impact on dairy prices is projected to be 0.4 per cent,
reflecting the low emissions intensity of dairy processing and the impact of the exclusion of agricultural emissions from the scheme. Targeted assistance under the $150 million Clean Technology Food and Foundries Investment Program is the appropriate vehicle for addressing carbon cost issues in the dairy supply chain. I understand these issues were covered to some degree yesterday. I am very happy to continue with my briefing notes, so please indicate if you would like further information.

Senator McKENZIE (Victoria) (10:07): I think the modelling done by the dairy industry actually suggests that individual dairy farmers at the farm gate will be impacted to the tune of between $5,000 and $7,000 per family per farm, because it is energy intensive farming. It is not that the carbon tax is being applied to the act of farming; it is the electricity that farmers have to use to get the milk out of the cows, basically, and into the trucks and off to the processor and then to take the moisture out of it and get it onto the docks as one of our major exports, particularly in my home state of Victoria. I am not sure whether the food and foundries program deals with the socioeconomic impacts that the carbon tax will have on dairy farming communities, particularly, for instance, in South Gippsland, where I come from.

Given that, and the industry itself has been a loud advocate, I would like to draw the minister's attention to division 5 and the Productivity Commission inquiries that are outlined that will have a look at particular industries and aspects of our economy that may be adversely affected, particularly those industries that are emissions intensive and trade exposed. I would argue, and so would the industry and so, I am sure, would the VFF and the NFF, that dairy is such an industry. Is there any provision within any of the bills for the impact of the tax on this industry to be reviewed prior to 30 June 2015, which seems to be, from my reading, the first point at which this can be looked at?

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:09): Thank you for that question. As I think has been stated on numerous occasions, the Climate Change Authority will have the capacity to look at what is happening in the various markets from time to time. So that would be the appropriate place, were any such observations made and the case for a review built. I am happy to give you a little more information, given that you raised farm costs. released a report in June 2011 that found electricity accounts were about 2.3 per cent of total dairy farm cash costs. Treasury modelling indicates that a 10 per cent increase in electricity would represent an increase of around 0.2 per cent in total farm cash costs. That is not dissimilar to other industries that are not eligible for jobs and competitiveness assistance. However, estimates of the impact of the carbon price on dairy farms include increases in fertiliser costs, but fertilisers such as urea are trade exposed and will be assisted under the Jobs and Competitiveness Program. So there is an opportunity there.

Senator McKENZIE (Victoria) (10:10): I have two more quick questions. Minister, how many workers in the Latrobe Valley will lose their jobs as a result of the carbon tax?

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:11): That is just a ridiculous question. You are obviously trying to move away from sensible questions on to making political statements like this. I believe that industry
generally in Australia will in fact be strengthened—

Senator McKenzie: A point of clarification from you, Mr Chairman. My voice raised at the end of the statement, indicating it was a question, and I am sure Hansard will reflect that and there will be a question mark after it. It was actually a question, not a comment.

The CHAIRMAN: We will take that as a question.

Senator Lundy: My previous statement stands. I think a political point is being made. I believe that these provisions and the implementation of the clean energy bills will strengthen all of these industries, because they will put Australia at the forefront—

Senator Ronaldson: So I take it from this there are job losses.

Senator Lundy: No, you cannot say there are job losses. You cannot just make it up in the course of the debate. The issue here is that all of these measures, as the opposition well know, will strengthen industry right across Australia, including preparing us for an economy that has low emissions. Scoff as they may, the opposition know full well that the clean energy bills that the government is putting forward provide Australia the opportunity to put our best foot forward. We will be able to achieve low pollution and the targets that we have discussed over many years now.

Senator Bernardi: You went to the last election opposed to this.

Senator Lundy: The other point I would like to make when the opposition stops interjecting is that this debate has had a significant work-out for many years now. Many of these issues have been traversed in great detail. I will certainly do my best to respond to specific questions about the impact on the dairy industry. I think I demonstrated that, but questions like this just take you back down to the bottom of the barrel. It would be nice if we allowed Senator Xenophon some time to debate his amendments this morning as well. I know he has many. I am prepared to respond to his amendments and I presumed he would be given the opportunity by the opposition to proceed through those forthwith, given the opposition has no more amendments.

Senator McKenzie (Victoria) (10:13): Maybe I can clarify this for the minister and use broader language, in fact the same language that is in Securing a clean energy future, to describe the sorts of impacts of the carbon tax that I am talking about. Rather than calling them job losses, maybe we will call them 'socioeconomic impacts'. Could the minister outline the modelling, projections or thought that has been given to the socioeconomic impacts of the carbon tax on the Latrobe Valley? Well, you have answered that as best you can, minister, but I would ask the same question about the Goulburn Valley in Victoria. It is a region of Victoria heavily reliant on horticultural production and obviously food processing makes up a key component of the local economy.

Senator Lundy (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:14): I have a reference here from the Treasury modelling that I would like to read to you, because it makes specific reference to the Latrobe Valley. It reads:

The Latrobe Valley remains an important energy exporting region, even as existing coal plant is retired. The Latrobe Valley has significant transmission and distribution networks, making it ideal for investment in new and cleaner energy sources. Both modellers show more generation capacity located in the Latrobe Valley in 2050.
than today, despite the eventual retirement of all existing emission-intensive brown coal generators. However, the results of the modellers vary considerably in the timing of retirements, and the composition and timing of new generation capacity.

That underlines my general statement that there are strong prospects here. The characteristics and the context of these changes through the Clean Energy Bill and the related legislation augur positively for the long-term future of Australia as a low pollution economy. It is a transition phase and one in which these bills are an appropriate first step.

Senator McKENZIE (Victoria) (10:16): I reiterate that my question was about the Goulburn Valley.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:16): I will see if I can find a specific reference to the Goulburn Valley. If there is one, I will ask the minister to pass that to you.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (10:16): The Greens will not be supporting Senator Xenophon's amendments. We are not always opposed to baseline and credit schemes—in fact, the efficient building scheme that we have proposed and put before the parliament is a baseline and credit scheme. But the problem with doing it on the scale that would be needed to address the climate crisis is that, when dealing with the whole economy, the government would have to set arbitrary baselines for all sectors and industries. Obviously, we need the broadest coverage for any kind of serious climate mitigation and adaptation effort. It is really difficult to do this in a fair and economically efficient way right across an economy. Governments are likely to make mistakes in the baselines that they set. They may set a baseline that is way too low, for example, for aluminium or way too high for steel or whatever. The government would have to intervene all over the place, making mistakes, instead of handing it over to a cap and trade scheme that allows the market to work in the way that is set out by these bills.

Also, the whole idea here is to recognise that the effort to reduce emissions is global. We have to make sure that whatever we do in Australia works well with and complements other schemes around the world. The European Union has an emissions trading scheme. California, the eighth largest economy in the world, is going to emissions trading on 1 January next year. China is moving to four pilot emissions trading projects with a view to moving to a national scheme. What we need to do is to make sure that what we do in Australia will complement what else is happening around the world and work with it. That will reduce the costs in Australia, providing the lowest cost for the adjustment to a low carbon economy. That is why we cannot support the move to baseline and credit as set out by Senator Xenophon.

Senator XENOPHON (South Australia) (10:18): This scheme would be compatible. If you look at what is occurring in the United States, you will see that President Obama, in his February state of the union address, talked about having a clean energy standard, entirely compatible with what is being proposed here. This scheme was designed with that approach. This cannot be referred to simply as a baseline and credit scheme. The GGAS scheme designed by Frontier was such a scheme. But this has an absolute cap as well. I just wanted to correct that on the record and point out that those matters have been addressed in the context of these amendments. I am happy for a vote on these amendments to be held. There are a number
of other amendments to be moved, and I am sure my colleagues will comment on those soon.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:19): The government has never supported the model that Senator Xenophon is putting forward, either now or previously under the CPRS.

The CHAIRMAN: The question is that amendments (4), (10) to (14) and (29) moved by Senator Xenophon on sheet 7165 be agreed to

Question negatived.

Senator XENOPHON (South Australia) (10:20): by leave—

I move amendments (5), (18) to (27) and (31) to (36) standing in my name on sheet 7165:

(5) Clause 5, page 14 (lines 1 to 3), omit the definition of emissions intensity.

(18) Clause 161, page 214 (line 8) to page 216 (line 6), omit subclauses (2) to (4), substitute:

Issue of free units

(2) On each of the following days:

(a) 1 September in the eligible financial year beginning on 1 July 2013;
(b) 1 September in the eligible financial year beginning on 1 July 2014;
(c) 1 September in the eligible financial year beginning on 1 July 2015;
(d) 1 September in the eligible financial year beginning on 1 July 2016;
(e) 1 September in the eligible financial year beginning on 1 July 2016;

the Regulator must issue a number of free carbon units equal to the number of units specified in the certificate as the annual assistance number.

Note: For annual assistance number, see section 167.

(19) Clause 161, page 216 (line 12), omit "or (3)".

(20) Clause 161, page 217 (line 24), omit "or (3)".

(21) Clause 161, page 217 (line 30), omit "or (3)".

(22) Clause 161, page 218 (line 3), omit "or (3)".

(23) Clause 165, page 221 (lines 12 to 15), omit subclause (3), substitute:

(3) A certificate of eligibility for coal-fired generation assistance must state that a specified number is the annual assistance number in respect of the generation complex.

Note: The annual assistance number is worked out under section 167.

(24) Clause 166, page 222 (lines 27 and 28), omit paragraph (2)(c), substitute:

(c) the emissions intensity of the generation complex is above a threshold of:

(i) 1,000 tonnes of carbon dioxide equivalent per $1,000,000 of revenue; or
(ii) 3,000 tonnes of carbon dioxide equivalent per $1,000,000 of value added.

(25) Clause 166, page 222 (line 29), omit the note.

(26) Clause 166, page 223 (lines 3 to 5), omit subclause (4).

(27) Clause 167, page 223 (lines 6 to 30), omit the clause, substitute:

167 Annual assistance number

(1) The annual assistance number to be specified in a certificate of eligibility for coal-fired generation assistance in respect of a generation complex is a number equal to 100% of the units above the emissions intensive baseline for the generation complex.

(2) For the purposes of subsection (1), the emissions intensive baseline for a generation complex is calculated in accordance with the method set out in the electricity generation benchmark scheme.

Note: For the electricity generation benchmark scheme, see Part 8A.

(31) Clause 281, page 330 (table item 32, 2nd column), omit "factor", substitute "number".

(32) Clause 303B, page 355 (lines 6 and 7), omit paragraph (4)(b), substitute:
(b) the emissions intensity of the complex is above a threshold of:

(i) 1,000 tonnes of carbon dioxide equivalent per $1,000,000 of revenue; or

(ii) 3,000 tonnes of carbon dioxide equivalent per $1,000,000 of value added.

(33) Clause 303B, page 355 (line 8), omit the note.

(34) Clause 303B, page 355 (line 19), omit "or 168".

(35) Clause 303B, page 355 (line 22), omit "sections 5 and 168", "substitute "section 5".

(36) Clause 303B, page 355 (line 23), omit "sections 5 and 168", "substitute "section 5".

This group of amendments provides for 100 per cent assistance to be given to emissions-intensive trade-exposed businesses. Under the current legislation, there is a very complicated formula to establish how much assistance these businesses should receive based on historical energy multiplied by emissions intensity minus 0.68 and so on. Under these amendments, all emissions-intensive trade-exposed businesses that are eligible for a certificate of coal fired generation assistance will receive 100 per cent assistance in respect of the units above the determined benchmark. This is not about giving business a blank cheque. It is about providing these emissions-intensive trade-exposed businesses with the support they need during a transition to lower carbon emissions. And whilst I will not be moving them at this stage because of time constraints, I should foreshadow that I have other amendments that introduce increased requirements for generators to receive assistance. It is about the blank-cheque approach: the amendments require greater compliance from generators if they are to receive assistance. The government already has conditions on generators receiving assistance, including a requirement for a clean energy investment plan to be provided to the regulator. But this group of amendments insert a requirement for the clean energy investment plan to include a commitment in terms of jobs that is more rigorous, if you like, so it is not a blank cheque. This series of amendments should be read in conjunction with that. Again, it is modelled on the basis of the work of Frontier Economics, using the same modellers and the same model that Treasury has used. I note that the government rejects the modelling undertaken by Frontier. Well, guess what? It is the same model—the same modellers, in fact—as used by Treasury.

I commend these amendments to my colleagues. They are about ensuring we have a smarter, greener and cheaper scheme in place. The revenue churn you will get with the government's scheme will be enormous, and we must do something to protect trade exposed industries. I note that Senator Ryan, in question time yesterday, expressed concerns about a local business in Victoria and the job impacts the scheme will have there. I am concerned about jobs in South Australia as well. It is about how you manage the transition to reduce carbon emissions.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:23): The government opposes these amendments. In general, the government's Energy Security Fund, given effect to by part 8 of this bill, will mitigate energy security risks as Australia transitions from high-emissions-intensive sources of electricity generation to more renewable and low-intensity sources. The assistance has been designed and carefully targeted to address the most severe impacts of the carbon price on coal fired generators. It has also been designed in a way to ensure incentives to abate are maintained and complement
support for the transition to low-emissions and renewable generation.

The effect of these specific amendments would be that all coal fired generators, both black and brown coal, would qualify for assistance, and this assistance, combined with part A, would effectively mean that the generators had no carbon cost at all until 1 July 2017. This would mean that inefficient coal fired electricity generators would face no incentive to reduce emissions at all and that the comparative advantage of lower emissions generators, such as natural gas and renewable generation, would be significantly reduced. Our indicative estimates suggest that these amendments would increase the cost of assistance to generators by about one-third, or $1.5 billion, over the four years of free permit allocations. This is in addition to the over-$80 billion in assistance that would already be provided to all electricity generators to 2030 under the Senator's related amendments that we were discussing previously.

These amendments would add to the administrative complexity of the scheme by requiring generators to adhere to more onerous reporting requirements, including providing financial information such as revenue and value added data. These amendments would result in even weaker incentives for consumers to improve their energy efficiency, in contrast to the stated intention of the amendments tabled by Senator Xenophon to establish a white certificate scheme.

I think it is important to note that the amendment establishing part 8A does not define the emissions-intensive baseline referred to in the amendment to clause 167(2). So, in opposing these amendments, we consider that clause 168, which the next amendment, amendment (28), actually goes to, should stand as printed.

Senator BIRMINGHAM (South Australia) (10:25): The opposition understands what Senator Xenophon is seeking to do here. We, and my colleague Senator Cormann in particular, have highlighted some of the inequities in the way assistance to coal fired generators is structured under this package. We accept that there are genuine concerns there; however, we do not think these amendments quite solve those issues. In particular, given the range of complexities and problems associated with this legislation, we are not supporting these amendments—but we certainly understand the concerns that drive Senator Xenophon to move them. I am not going to take any longer on this, because I am conscious a number of my colleagues still have questions they would like to get through in the very limited time left.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (10:26): The Australian Greens will not be supporting these amendments to provide 100 per cent compensation or assistance to coal fired generators. We have been on the record, and continue to be on the record, as saying that we agree with Professor Garnaut that assistance is not required to provide energy security in Australia. This was a matter of intense debate as to whether coal fired generators, which have been one of the main drivers of greenhouse gas emissions in Australia, ought to be compensated. Surely, the basis needs to be how we keep energy security in Australia, because coal fired generators ought to have built into their business models some time ago the likelihood of carbon pricing. It is the failure to internalise the pollution from coal fired generators that is, in large part, giving us this massive problem across the planet. What the Greens argued was that we ought not to be compensating coal fired generators. They ought to have seen this coming—in fact, they
have known it has been coming since the Kyoto protocol was signed. They have already built it into their whole business models, their shareholders know about it and frankly we think they are already given too much compensation—but that was part of the negotiations to get to the point we have reached. I argued, together with Professor Garnaut, that we did not need to compensate them to provide for energy security. However, the Australian electricity market operators wrote to the Multi-Party Climate Change Committee saying that they believed compensation was necessary in order to maintain confidence, if you like, from financial institutions. Hence, the issue is that we are ending up not with a worse environmental outcome but a waste of several billion dollars that, in the Greens' view, ought to be going to the transformation to the low-carbon economy, not prop up coal fired generation. It is not our job to maintain the equity in coal fired generators and prop up businesses that are last-century and have profited by the contamination of the atmosphere. So we certainly do not support increasing the compensation to coal fired generators.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:29): This is a very important issue, and it is worth me spending a couple of minutes outlining the Energy Security Fund free allocation and why it is targeted. Senator Xenophon, the government's energy security package and assistance arrangements have been put together carefully and deliberately to facilitate the transition of the sector to lower-emissions sources and maintain energy security. The rationale is clearly set out in the explanatory memorandum to the bill, and in particular I draw your attention to paragraphs 6.9 to 6.19.

The object of providing assistance in the form of free carbon units under part 8 and associated cash payments is to help maintain energy security by reducing the negative impact of a carbon price on the operation of high-emissions-intensive generators in the short term. This will help generators that face the most acute losses in the value of their assets. This assistance will also support investor confidence in the electricity generation sector, which will underpin investment in the new energy infrastructure needed to meet our future energy needs.

Highly emissions-intensive coal fired generators are likely to face an increase in the operating costs greater than the general increase in the level of electricity prices. Competition from less emissions-intensive generators, including less intensive coal fired generators which face lower costs under the mechanism, may cause more emissions-intensive generators to lose profitability. So allocations of free carbon units and cash support facilitate a smooth transition for highly emissions-intensive coal fired generators to a carbon price by reducing the short-term financial impact on them and maintaining long-term investor confidence in the sector.

The design of this assistance was informed by the Treasury modelling, which utilised two specialist energy market modellers to examine the impact of carbon price on electricity markets. This included both the National Electricity Market and the South West Interconnected System in Western Australia. The design of the assistance was also informed by consultation with energy market institutions, most notably the regulators, affected generators and analysis previously conducted during the design of the Carbon Pollution Reduction Scheme. Because it is focused on energy security risks, the assistance is not intended for every coal fired generator, many of
which are expected to pass on a large proportion of their expected carbon costs. It is this pass-through of carbon costs which is then dealt with by the generous household assistance measures.

Allocations of free carbon units and cash payments under the fund are not designed to change the incentives of recipient generators to reduce emissions. The liabilities of recipient generators are not reduced by the allocation of carbon units under the fund. Recipient generators are free to sell the carbon units that they receive from the government, bank them for future use or use them to meet liabilities under the mechanism. This is achieved by delivering assistance based on the historical energy and emissions intensity of eligible generation complexes and not on ongoing production or ongoing emissions.

I hope this explanation and further detail has been helpful to the chamber.

Senator COLBECK (Tasmania) (10:32): I want to ask a couple of quick questions in relation to the modelling around agriculture. Senator Lundy, I know, has just said to one of my colleagues—and Senator Wong said last night—that there was an ABARES report released in June of this year which found that electricity counts for about 2.3 per cent of total dairy farm cash costs. Could you point me to that modelling? I have actually had a close look through the ABARES site looking for any modelling relating to the carbon tax and agriculture. The best I can find is a 2009 report which was, Effects of the Carbon Pollution Reduction Scheme on the economic value of farm production. That was 1 June 2009. I cannot find anything on any of the ABARES sites that relates to the impact of the carbon tax on agriculture.

Senator XENOPHON (South Australia) (10:33): Can I just indicate that the context of this assistance to industry needs to be considered in relation to the overall scheme of these amendments; that is, for a higher cut, a cut of at least 10 per cent, by 2020 compared to what the government is proposing. I note that Senator Milne did point out that you could aim for a higher amount in terms of the structure of the scheme, but I do not think the government is committing necessarily to anything other than a minimum of five per cent.

But the issue has to be this: it is clear that if you take an intensity based approach where you have less revenue churn, you have less recycling and fewer distorting effects in terms of the tax interaction effect you will get a better economic outcome and be able to achieve a deeper environmental one. The whole idea of this particular amendment—on the face of it one could ask why give coal powered stations this assistance?—is that it is a transition to ensure that you have that investment certainty and you have a situation in place where they will have to achieve those deeper cuts, but you allow for that transition. And by setting it I believe you will be encouraging investment in cleaner energy low-emission technologies by virtue of this scheme more so than by the government scheme. I do not want to get bogged down in relation to that but I just want my colleagues and those who are listening to understand that the intent of this amendment, in conjunction with all the other amendments that are part of the Frontier scheme, is to ensure deeper cuts at a cheaper price, which I think is essential.

But, of course, there is the overarching position that all these amendments should be put to the Australian people at the next election, because I think it is very important that there is a mandate for that. I cannot take it any further than that. I appreciate the constructive comments of my colleagues from the government, the Australian Greens and the opposition. I know there is not the
support for it and I am happy to have a vote on it at this time.

Senator RONALDSON (Victoria) (10:36): While Senator Lundy is taking questions, can I ask her this question: are there any domestic or global events, economic or political, that would lead to the government agreeing to delay the commencement of this tax?

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:36): Mr Chairman, through you to Senator Colbeck, the reference is the Australian Bureau of Agricultural and Resource Economics and Sciences, or ABARES, Australian dairy financial performance of dairy producing farms 2008-09 to 2010-11 published in June 2011. It is worth making the point once again that the carbon price will not apply directly to agricultural emissions, including dairy farming, and the Carbon Farming Initiative will provide an opportunity for alternative income for dairy farmers who undertake projects to increase carbon stored in their landscape or reduce emissions by changing farm practices. The government is currently working with the dairy industry on methods to measure emissions reductions from on-farm production, methods which will generate CFI credits and that can be then on-sold into the carbon market. This is an example of the carbon market working as a positive for farmers.

Notwithstanding these measures, there may be some indirect impacts on dairy such as increases in electricity costs. It is important to keep these costs in context. ABARES has estimated that the electricity is about two per cent or 2.3 per cent of farm cash costs and Treasury's estimate of a 10 per cent rise in electricity cost means that this increase, as I said before, would mean about 0.2 per cent increase in cash costs. For food and beverage processors, the government has also set aside $150 million under the Clean Technology Food and Foundries Investment Program and this will allow dairy processors to reduce their energy consumption and reduce electricity costs.

The opportunities under the CFI for farmers, as well as funding available for dairy processors, will reduce the cost down the supply chain for dairy products. An additional Treasury modelling released on 19 September estimates that the carbon price will have an impact of 0.4 per cent on the consumer price of milk. And the government, as we all know, is providing assistance to households in managing the cost impacts on consumer goods. I did mention the assistance under the Jobs and Competitiveness Program for fertilisers such as urea.

Senator COLBECK (Tasmania) (10:39): So that effectively confirms that there is no modelling specifically or broadly for agriculture for the carbon tax. There is a paper that talks about the efficiency of the dairy industry that does have some coverage of electricity prices, but there is nothing more broadly since the 2009 report by ABARES to model the impact on agriculture.

I want to move on to biomass. The government has decided to prohibit biomass as a potential alternative energy source under this package of legislation. Senator Xenophon has talked of compensation to the coal sector and the impact of this legislation on the coal sector, which is a valid point for him to raise. But in the context of actually doing something about mitigating carbon emissions, I really find it difficult to reconcile that the government has decided to prohibit the use of biomass, which has the
potential to reduce CO\textsubscript{2} emissions in comparison to coal by the order of 96 per cent. Carbon dioxide emissions per kilowatt hour of electricity produced from coal, at best practice, are about 955 grams per kilowatt hour. At current best practice from energy crops, biomass is 17 to 27 grams per kilowatt hour, so we are talking about a 97 per cent reduction in energy. The figures I have indicate that 3,000 gigawatt hours of energy could be generated from the use of biomass in Australia without harvesting an additional tree. So you are talking about almost three million tonnes of CO\textsubscript{2} emissions that could be reduced by utilising biomass.

I would like the parliamentary secretary to give me some advice as to the rationale behind the government's decision to exclude biomass, given that the science of forest management is really quite clear that a managed forest will provide better carbon sequestration over the longer term than one that is just left to its own devices. In fact, some science was released just this week—Melsheimer et al in the *Journal of Forestry* in the United States—says:

Sustainably managed forests can provide greater carbon mitigation benefits than unmanaged forests, while delivering a wide range of environmental and social benefits including timber and biomass resources, jobs and economic opportunities, clean water, wildlife habitat, and recreation.

There is a lot of global science that matches that. Perhaps you could give me some advice as to why the government has decided to omit a resource which can provide significant mitigation of CO\textsubscript{2} emissions, which is what the government's stated aim is, particularly in contravention of the science.

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (10:43): Thanks, Senator Colbeck. The carbon price will provide incentives for biomass because it will be zero rated. I have some additional information here on a complementary related policy, the RET. The RET rules will protect native forests but allow for biomass to be used as an energy source. This is because the use of biomass for electricity generation or heat energy will not attract any liability under the carbon price—as I mentioned, it is zero rated—which will provide a competitive advantage to all power stations which use biomass as a fuel source. The exclusion of biomass emissions from liability is specifically provided for in section 30 of the bill. Those generators that use biomass, including wood waste from native forests, will become more cost competitive relative to generators that use fossil fuels, which will be subject to the carbon price.

However, the additional incentive from the RET for the burning of native forest wood waste to generate electricity could lead to unintended outcomes for biodiversity and the destruction of intact carbon stores. The current RET rules provide for the eligibility of native forest wood waste where wood wastes are from ecologically sustainable harvesting operations and wood wastes are manufactured wood products—that is, old furniture, construction wood waste, timber from demolished buildings or offcuts from construction or furniture or sawmill residue. The RET regulations are being amended to exclude wood waste from native forests as an eligible renewable energy resource, and this includes products, by-products and waste associated with or produced from the clearing or harvesting of native forests, subject to appropriate transitional arrangements for existing accredited power stations.

We have released an exposure draft of these regulations for consultation with interested stakeholders and, while the RET has not been a driver of the clearing of native
forests, removal of native forest biomass from eligibility will provide one less potential financial incentive to clear native forests. There has been very little use of native forest biomass for bioenergy to date, so this change is not expected to impact significantly on investment or jobs in the forestry or wood processing sectors. I hope that is helpful to you, Senator Colbeck.

The CHAIRMAN: Senator Colbeck, just before I call you: I allowed the response from Senator Lundy in the first instance. It has now escalated. We are dealing with assistance to coal fired generators—the amendments moved by Senator Xenophon. I am happy to take contributions from senators in relation to that. Otherwise, we will dispose of the amendments that Senator Xenophon has been dealing with and then come back to you and I will give you the call after that—unless this is directly related to these amendments?

Senator COLBECK (Tasmania) (10:45): I still want to talk specifically to that particular issue.

The CHAIRMAN: The question is that the amendments moved by Senator Xenophon on sheet 7165—namely, amendments (5), (18) to (27) and (31) to (36)—be agreed to.

Question negatived.

The CHAIRMAN: Senator Xenophon, do you want to proceed with the second part of that block of amendments, in relation to clause 168—amendment (28)?

Senator XENOPHON (South Australia) (10:46): No, I do not. I wonder, Mr Chairman, if, while I am on my feet, I could move the voluntary action amendments now?

The CHAIRMAN: Yes.

Senator XENOPHON: by leave—I move amendments (6) to (9) on sheet 7165 together:

(6) Clause 5, page 14 (after line 24), after the definition of exempt landfill emissions, insert:

expert advisory committee means a committee established under section 12C.

(7) Clause 5, page 14 (before line 25), before the definition of externally-administered body corporate, insert:

expert advisory committee member means a member of an expert advisory committee, and includes the Chair of an expert advisory committee.

(8) Page 25 (after line 8), at the end of Part 1, add:

12A Voluntary action

Object

(1) The object of this section is to establish a mechanism to take into account voluntary action on climate change by entities other than liable entities so that:

(a) there remains an incentive for such voluntary action; and

(b) the impact of such voluntary action does not reduce the obligations of liable entities under this Act or the regulations.

Advisory committee on voluntary action

(2) The Minister must establish an independent expert advisory committee with the following functions:

(a) to estimate for each year the level of voluntary action on climate change;

(b) to determine for each year, in writing, a voluntary action adjustment amount.

Note: Expert advisory committees are established under Part 1A.

(3) In undertaking its work, the committee must:

(a) consult broadly; and

(b) call for, accept and consider submissions from organisations and individuals about voluntary action undertaken and proposed to be undertaken; and

(c) publish on its website, at least twice a year, reports on its activities and its methods of estimating and accounting for voluntary action.

Voluntary action adjustment amount
(4) The voluntary action adjustment amount for any year is an amount by which the committee determines the carbon pollution cap number for the following year must be reduced to account for voluntary action on climate change without reducing the obligations of liable entities under this Act.

(5) The regulations may prescribe any of the following:

(a) factors the committee may take into account in determining the voluntary action adjustment amount for any year;

(b) factors the committee must take into account in determining the voluntary action adjustment amount for any year;

(c) a method of estimating the voluntary action adjustment amount for a year.

(6) A determination under paragraph (2)(b) is not a legislative instrument.

Interpretation

(7) In this section:

voluntary action on climate change means voluntary action taken by entities other than liable entities to reduce or offset greenhouse gas emissions, which is not otherwise accounted for under this Act.

12B Adjustment of carbon pollution cap number

Despite any other provision of this Act or the regulations, if the committee established under section 12A determines an amount as the voluntary action adjustment amount for a year, the carbon pollution cap number for the following year is taken to be reduced by that amount.

(9) Page 26 (before line 1), before Part 2, insert:

Part 1A—Expert advisory committees

12C Establishment of expert advisory committees

(1) The Minister may, by writing, establish committees, to be known as expert advisory committees.

(2) An instrument made under subsection (1) is not a legislative instrument.

12D Functions of an expert advisory committee

An expert advisory committee has the functions that are conferred on it by this Act or the regulations.

12E Membership of an expert advisory committee

An expert advisory committee consists of the following members:

(a) a Chair;

(b) at least 2, but not more than 4, other members.

12F Appointment of expert advisory committee members

(1) Each expert advisory committee member is to be appointed by the Minister by written instrument.

(2) A person is not eligible for appointment as an expert advisory committee member unless the Minister is satisfied that the person has:

(a) substantial experience or knowledge; and

(b) significant standing;

in at least one of the following fields:

(c) economics;

(d) law;

(e) Australian industry;

(f) climate science;

(g) energy measurement and reporting;

(h) greenhouse gas emissions measurement and reporting;

(i) greenhouse gas abatement;

(j) financial markets;

(k) trading of environmental instruments.

(3) The Minister must ensure that:

(a) the Chair of an expert advisory committee is not a person covered by subsection (4); and

(b) a majority of the other expert advisory committee members are not persons covered by subsection (4).

(4) This subsection applies to the following persons:
(a) an employee of the Commonwealth;
(b) an employee of an authority of the Commonwealth;
(c) a person who holds a full-time office under a law of the Commonwealth.

(5) A person is not eligible for appointment as an expert advisory committee member if the person is a director, officer or employee of another person who is a liable entity for the eligible financial year in which the appointment is made.

(6) An expert advisory committee member holds office on a part-time basis.

12G Period of appointment for expert advisory committee members

An expert advisory committee member holds office for the period specified in the instrument of appointment. The period must not exceed 5 years.

12H Acting expert advisory committee members

Acting Chair of expert advisory committee

(1) The Minister may appoint an expert advisory committee member to act as the Chair of an expert advisory committee:

(a) during a vacancy in the office of the expert advisory committee Chair (whether or not an appointment has previously been made to the office); or
(b) during any period, or during all periods, when an expert advisory committee member (other than the Chair of an expert advisory committee):
   (i) is absent from duty or from Australia; or
   (ii) is, for any reason, unable to perform the duties of the office.

Acting expert advisory committee member (other than the Chair)

(2) The Minister may appoint a person to act as an expert advisory committee member (other than the Chair of an expert advisory committee):

(a) during a vacancy in the office of an expert advisory committee member (other than the Chair of an expert advisory committee), whether or not an appointment has previously been made to the office; or

(b) during any period, or during all periods, when an expert advisory committee member (other than the Chair of an expert advisory committee):
   (i) is absent from duty or from Australia; or
   (ii) is, for any reason, unable to perform the duties of the office.

Eligibility

(3) A person is not eligible for appointment to act as:

(a) the Chair of an expert advisory committee; or
(b) an expert advisory committee member (other than the Chair of an expert advisory committee);

unless the person is eligible for appointment as an expert advisory committee member.

Note: See subsection 12F(2).

12J Procedures

(1) The regulations may prescribe the procedures to be followed at or in relation to meetings of an expert advisory committee, including matters relating to the following:

(a) the convening of meetings of the expert advisory committee;
(b) the number of expert advisory committee members who are to constitute a quorum;
(c) the selection of an expert advisory committee member to preside at meetings of the expert advisory committee in the absence of the Chair of the expert advisory committee;
(d) the manner in which questions arising at a meeting of the expert advisory committee are to be decided.

(2) A resolution is taken to have been passed at a meeting of an expert advisory committee if:

(a) without meeting, a majority of expert advisory committee members indicate agreement with the resolution in accordance with the method determined by the expert advisory committee under subsection (3); and

(b) all expert advisory committee members were informed of the proposed resolution, or
reasonable efforts had been made to inform all expert advisory committee members of the proposed resolution.

(3) Subsection (2) applies only if the expert advisory committee:

(a) determines that it applies; and

(b) determines the method by which expert advisory committee members are to indicate agreement with resolutions.

12K Disclosure of interests to the Minister

An expert advisory committee member must give written notice to the Minister of all interests, pecuniary or otherwise, that the member has or acquires and that conflict or could conflict with the proper performance of the member's functions.

12L Disclosure of interests to expert advisory committee

(1) An expert advisory committee member who has an interest, pecuniary or otherwise, in a matter being considered or about to be considered by the expert advisory committee must disclose the nature of the interest to a meeting of the expert advisory committee.

(2) The disclosure must be made as soon as possible after the relevant facts have come to the expert advisory committee member's knowledge.

(3) The disclosure must be recorded in the minutes of the meeting of the expert advisory committee.

(4) Unless the expert advisory committee otherwise determines, the expert advisory committee member:

(a) must not be present during any deliberation by the expert advisory committee on the matter; and

(b) must not take part in any decision of the expert advisory committee with respect to the matter.

(5) For the purposes of making a determination under subsection (4), the expert advisory committee member:

(a) must not be present during any deliberation of the expert advisory committee for the purpose of making the determination; and

(b) must not take part in making the determination.

(6) A determination under subsection (4) must be recorded in the minutes of the meeting of the expert advisory committee.

12M Outside employment

An expert advisory committee member must not engage in any paid employment that conflicts or may conflict with the proper performance of his or her duties.

12N Remuneration and allowances

(1) An expert advisory committee member is to be paid the remuneration that is determined by the Remuneration Tribunal. If no determination of that remuneration by the Tribunal is in operation, the member is to be paid the remuneration that is prescribed.

(2) An expert advisory committee member is to be paid the allowances that are prescribed.

(3) This section has effect subject to the Remuneration Tribunal Act 1973.

12P Leave of absence

(1) The Minister may grant leave of absence to the Chair of an expert advisory committee on the terms and conditions that the Minister determines.

(2) The Chair of an expert advisory committee may grant leave of absence to an expert advisory committee member on the terms and conditions that the Chair determines.

12Q Resignation

(1) An expert advisory committee member may resign his or her appointment by giving the Minister a written resignation.

(2) The resignation takes effect on the day it is received by the Minister or, if a later day is specified in the resignation, on that later day.

12R Termination of appointment

(1) The Minister may terminate the appointment of an expert advisory committee member for misbehaviour or physical or mental incapacity.

(2) The Minister may terminate the appointment of an expert advisory committee member if:
(a) the member:
   (i) becomes bankrupt; or
   (ii) applies to take the benefit of any law for the relief of bankrupt or insolvent debtors; or
   (iii) compounds with his or her creditors; or
   (iv) makes an assignment of remuneration for the benefit of his or her creditors; or
(b) the member is absent, except on leave of absence, for 3 consecutive meetings of the expert advisory committee of which he or she is a member; or
(c) the member engages in paid employment that conflicts or may conflict with the proper performance of his or her duties (see section 12M); or
(d) the member fails, without reasonable excuse, to comply with section 12K or 12L.

(3) The Minister may terminate the appointment of the Chair of an expert advisory committee if the Chair is:
   (a) an employee of the Commonwealth; or
   (b) an employee of an authority of the Commonwealth; or
   (c) a person who holds a full-time office under a law of the Commonwealth.

(4) The Minister may terminate the appointment of an expert advisory committee member if the member is a director, officer or employee of another person who is, or is likely to be, a liable entity for the eligible financial year in which the termination occurs.

12S Other terms and conditions

An expert advisory committee member holds office on the terms and conditions (if any) in relation to matters not covered by this Act that are determined by the Minister.

12T Assistance to expert advisory committee

(1) Any or all of the following:
   (a) the Regulator;
   (b) the Department;
   (c) any other Department, agency or authority of the Commonwealth;
   (d) the making available of resources and facilities (including secretariat services and clerical assistance).

12U Consultants

(1) The Chair of an expert advisory committee may, on behalf of the Commonwealth, engage persons having suitable qualifications and experience as consultants to the committee.

(2) The consultants are to be engaged on the terms and conditions that the Chair determines in writing.

These amendments are about recognising voluntary action. It is important that the government recognise and provide incentives for voluntary action without reducing the obligations of emitters. It comes down to having a carrot and stick approach: punish the polluters and reward those doing the right thing in terms of the longer term aspect of this scheme. Voluntary action by the Commonwealth, states and territories, local government bodies, other entities or individuals to reduce or offset greenhouse gas emissions which is not otherwise accounted for under the scheme should be rewarded. Voluntary action will also enable a higher abatement target to be achieved. I commend the amendments to the Senate.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (10:47): I just want to speak to these amendments briefly. This issue of how to take voluntary action into account has been a rather vexed one. It came up in previous discussions during the government’s former Carbon Pollution Reduction Scheme, and at that time a mechanism for incorporating voluntary action was talked about. We considered this at length in the multi-party climate committee—how you could incorporate
voluntary action and therefore be able to reach more ambitious targets by adding voluntary action to whatever else was being done. But the issue is: how do you actually develop the methodology to account for voluntary action, especially if that voluntary action is taken by state governments, by particular businesses or individuals or indeed by community groups? There are a lot of community groups in suburbs and so on where people are saying, 'We want the action we take to be added on to the target; we do not want all this work we are doing to allow the polluters to pollute more, because every time we reduce emissions it creates the space within a target framework for the polluters to pollute more.' It is a vexed question. The way that we have resolved this with the legislation is that the Climate Change Authority—the independent authority that has been set up to set the targets, the trajectories, for the first five years and then every year after that for the scheme—is enabled to take into account voluntary action.

Specifically, what is being asked for is that the methodologies for voluntary action be developed by state or territory governments—like the ACT, for example; it has a very ambitious target and its additional effort ought to be able to be taken into account. This would enable state and territory governments, community groups or individuals to work on developing a methodology which they would then submit to the Climate Change Authority. If the Climate Change Authority deemed that that methodology was rigorous then that voluntary action would be incorporated into the target setting of the Climate Change Authority.

So, Senator Xenophon, you have quite correctly identified an issue that the community has been concerned about, because the community wants to make sure that every effort it makes actually leads to a reduction in greenhouse gas emissions overall and leads to an ability for us to increase the ambition of our target in the shortest possible time frame. So that is how we have gone about it because, in the absence of a methodology, it is very hard to make sure you get rigour, taking into account all the other facets of the package that we are legislating.

Senator Xenophon, the Greens will not be supporting your amendments, but we believe that, through the multi-party committee and the package of bills, we have actually taken into account the need to identify voluntary action, develop the methodology for it and take it into account. Really, the challenge now is for all of those people engaged in additional voluntary action to work on getting a methodology so that we can get it incorporated as quickly as possible.

Senator WONG (South Australia—Minister for Finance and Deregulation) (10:51): I will address just a few issues. This has been part of this debate for some time, and the way in which this is dealt with under this package before the Senate is to pick up some of the changes in this regard which were included under the government's past package, the CPRS, and then some additional measures in relation to the Climate Change Authority. I will briefly scope those.

First, the government will take additional action into account when setting caps on pollution. Then of course companies and individuals can choose to buy and cancel permits issued under the carbon pricing mechanism or the carbon farming initiative; that would obviously have the effect of reducing the number of permits and credits available in the market. The government will establish a tax deductible pledge fund to help individuals access the carbon market, and the
contributions to that fund will be used to buy Australian carbon permits, CFI credits and international units to be cancelled. Purchasers of accredited green power generated from January 2010 will be treated as additional to the national emissions reductions target. Accredited green power purchases from 1 July 2012 will also be taken into account when setting pollution caps. I think three of the four of those are essentially as per the previous legislation, obviously with the addition of the Carbon Farming Initiative.

The bill also requires—I think Senator Milne was referencing this—the authority to take voluntary action into account when recommending the level of the pollution cap. This would require the authority to assess voluntary action and its impact on emissions levels. There are provisions in the legislation requiring public consultation and timely publication of reports by the authority. The government has also committed to reviewing the methodology for measuring additional forms of voluntary action. I do, however, want to emphasise—in case there was any lack of clarity—that the bill also specifies that voluntary action is a matter for the minister to consider when setting the caps. Whilst obviously the authority provides the advice with the transparency that we have outlined, ultimately it would be a matter for the government of the day as to how that would be given effect. Given this framework we do not support Senator Xenophon’s amendments.

Senator EGGLESTON (Western Australia) (10:53): This carbon tax, we are told, will transition to an emissions trading scheme in 2015. I would like to ask a couple of questions relating to the administration of an ETS. Firstly, how will the emissions trading scheme be regulated? Will, for example, the activities of the emissions trading scheme fall under APRA for regulation? It is really going to involve large financial transactions and the verification of—

The TEMPORARY CHAIRMAN (Senator Boyce): Senator Eggleston, these questions are not relevant to the amendment that is currently before us. Are you able to ask them later?

Senator EGGLESTON: No, I do not think I will have time, and other more general questions have been asked, Madam Temporary Chair.

The TEMPORARY CHAIRMAN: Your questions do need to be relevant to the amendment before the chair, which is around voluntary action to reduce emissions. Perhaps you might like to consider them in that respect.

Senator EGGLESTON: I just wondered how voluntary action will be possible to protect the value of carbon credits traded under the emissions trading scheme or whether the assistance of a body such as APRA might be needed.

Senator WONG (South Australia—Minister for Finance and Deregulation) (10:55): That was a valiant attempt by the senator to be at least relevant in terms of the words used if not the substance. There are a range of powers and other measures in the legislation which are about dealing with the prevention of fraud and criminal behaviour. I can go through those in detail. We referenced some of the penalties last night. There are also investigation powers, anti-money-laundering provisions, identity checks, powers to prevent suspicious or fraudulent transfers of units, and the regulation of financial services involving carbon units, which is consistent with the regime for shares and other financial products. These measures build on overseas experiences and should give confidence to investors and market participants. The
compliance enforcement provisions are analogous to those which have been put in place for ASIC, the ACCC, the Renewable Energy Regulator, the Greenhouse and Energy Data Officer and other comparable officers.

Senator EGGLESTON (Western Australia) (10:56): I have another question about voluntary action. Given that this will be international trading, I wonder how voluntary action will be possible to verify the value of, say, an Indonesian rainforest purchased by somebody engaged in an emissions trading transaction. What safeguards will there be to protect the purchaser from duplicate trading and to verify the value of the asset purchased to trade off the Australian carbon emissions? Will there be an international register kept which persons interested in voluntary action may be able to access to verify the value of their trading? Is there an international dimension to this?

Senator WONG (South Australia—Minister for Finance and Deregulation) (10:57): I apologise, but the question does not actually make sense to me.

Senator Bernardi: You should be across your brief.

Senator WONG: Senator Bernardi says it is because I do not understand it enough, but I just do not understand what is being asked about voluntary action and the international registry. Perhaps the senator may want to clarify the question.

Senator EGGLESTON (Western Australia) (10:58): Will there be an international body verifying the value of assets traded and can somebody interested in voluntary action access that register to see that the asset they purchased is what it claims to be and has the value that it is claimed to have?

Senator WONG: Perhaps the best way of assisting here is to just reference the way in which international linking will be regulated. This really goes to the environmental integrity of international units. To step back from all the detail for a minute, the policy concept behind international linking is that this lowers the cost of meeting targets. It ensures that there is a lower cost on Australian households and Australian business by companies being able to source lower cost abatement elsewhere. It is important that it have environmental credibility. The government is very conscious of that. That is why the package before the chamber includes robust and appropriate restrictions to ensure only quality units can be used for compliance from the start of the flexible price period. Obviously this is not an issue during the fixed price period. Regulations will be made to ensure the government will not accept Kyoto units from particular projects, such as nuclear energy, industrial gas, destruction of projects and large-scale hydroelectric projects that do not conform to EU sustainability criteria.

As we discussed last night—I think it was in the answer to a question from, if I recall correctly, Senator Joyce—the integrity of international units will be assessed by the Climate Change Authority, which will make a recommendation to government as to which units should be permitted and which should be prohibited under the carbon pricing mechanism.

The TEMPORARY CHAIRMAN (Senator Boyce): Before we proceed, I would like to draw the Senate's attention to the presence in the advisers' box of former Senator Andrew Bartlett and welcome him back here.

Senator COLBECK (Tasmania) (11:00): I am going to get out my long bow and...
quickly return to the answer Senator Lundy gave me a moment ago in relation to the use of biomass. Senator Lundy has confirmed that the government is using a non-science based approach to put forward a prejudice against native forest management and to try and align with voluntary action.

The TEMPORARY CHAIRMAN: Senator Colbeck, could we proceed with the amendment and then go back to this question, which is not—

Senator COLBECK: I will be very quick. I will get this out of the way and Senator Lundy can respond to me. I just want to make this point, thank you, Temporary Chair.

The TEMPORARY CHAIRMAN: We can do that once we have voted on the amendment.

Senator COLBECK: I have already conceded the call two or three times to put an amendment and then missed out on the call afterwards. I would like to finalise this point. We can do that without wasting any more time arguing about whether I get the chance to say what I want to say.

The TEMPORARY CHAIRMAN: I will ensure that you get the call after we have moved the amendment, unless you wish to speak to the current amendment.

Senator COLBECK: Temporary Chair, I would like to finish what I am going to say and then I can let everybody else get on with the rest of the business.

The TEMPORARY CHAIRMAN: As long as it is relevant, Senator Colbeck.

Senator COLBECK: I was just trying to come to that when you interrupted me, Temporary Chair. I come to a business in New South Wales which manufactures a product using native forest resources. They could replace 75 per cent of their current coal use for energy generation by using the saw wood, the wood waste that is generated on site. Under the current provisions that the government is proposing, they are prejudiced against because native forest sawmill waste is excluded from the renewable energy process.

I go back to the point I made before. This time I am quoting from Future Science: Life cycle impacts of forest management and wood utilization on carbon mitigation, which says:

- Using forest residual biomass as feedstock for utilities produces only 4% of the emissions from coal.
- A continuation of recent US public forest fire rates will result in carbon emissions from unmanaged and overly dense forests.

We have that problem in Australia and we saw that, unfortunately, in the bushfires on Black Saturday. It goes on to say:

Thinning treatments can restore forest health and double carbon stores. Just so that I do not get called out for quoting US based research, it then goes on to say:

- There are similarities in research methods and findings across the globe in spite of substantial variability in forests, cultural use patterns and economic conditions.
- Many studies have concluded that the largest single mechanism for reducing carbon emissions is substitution of renewable wood resources for fossil-intensive products.

I have a final question: what action is the government taking to rectify the flaws in the Climate Commission report, The critical decade, which have been identified by forest scientists in Australia?

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (11:03): Very specifically in the bill we are debating now, section 30, titled 'Covered emissions from the operation of a facility', at
part (3)—I would like to read it out to you to make this crystal clear—says:

For the purposes of this Act, a covered emission from the operation of a facility does not include emissions attributable to the combustion of:

(a) biomass; or
(b) biofuel; or
(c) biogas.

There is no carbon price liability for wood waste and there is no prohibition on it either. I do not think I can be any clearer.

The TEMPORARY CHAIRMAN: The question is that amendments (6) to (9) on sheet 7165 be agreed to.

Question negatived.

Senator BIRMINGHAM (South Australia) (11:04): by leave—I move together amendments (1) and (2) on sheet 7173, standing in my name, on behalf of the opposition, and in the name of Senator Xenophon:

(1) Clause 111, page 145 (lines 6 to 17), omit subclause (2), substitute:

Issue of units

(2) The Regulator must not issue one or more carbon units to a person as the result of an auction unless the person has lodged a deposit that relates to the total amount of charges payable for, or imposed on, the issue of the units.

Note: For rules about deposits, see section 113.

When balance of charge for a unit is payable

(2A) The balance of the charge for the issue of a carbon unit is payable in the year corresponding to the vintage year of the carbon unit.

(2) Clause 113, page 149 (after line 25), after subclause (4), insert:

(4A) A deposit specified under paragraph (2)(n) must not be greater than 10% of the total amount of charges payable for, or imposed on, the issue of carbon units to a person as the result of an auction.

This is the last chance the government has and the Greens have to avoid an even worse rise in and an even worse outcome for Australia's electricity prices than would otherwise be the case under this legislation. These amendments would ensure that at least 90 per cent of the up-front costs associated with the advance purchase of permits by electricity generators would be removed. These are important amendments because they ensure that unnecessary electricity price rises above the gross electricity price rises already imposed under this legislation could be avoided.

Electricity generators believe and have told all sides in this debate that without this amendment there will be a transfer of around $10 billion in working capital from Australia's electricity generators to the pockets of the Australian government. The ultimate risk with this occurring, if what they predict happens, is that the forward contracting of electricity in Australia will drop off. That does not sound very sexy but it is very important because, if the forward contracting of electricity in Australia drops off, the Australian electricity market becomes ever more dependent upon the spot market and the spot market price is ever more volatile and therefore ever higher. The electricity generators estimate that, with even just a five per cent drop-off in electricity prices, there will be an increase of between 10 and 15 per cent in electricity prices above and beyond the 10 per cent rise that the government forecasts as a result of their carbon tax. That is why these amendments are so important. They do not have any other bearing or impact on the operation of the carbon tax. Even Senator Milne has acknowledged that these concerns are an important consideration. Senator Xenophon has been convinced to pursue this. We had extensive questioning on this. I urge all members of the Senate to support these amendments.
Given that this is likely to be my last opportunity to comment in this debate, I would like to again highlight the contemptuous nature of the Labor Party in pursuing this tax. Be under no illusion that at the end of today Julia Gillard will be leading a government under which there is a carbon tax. In contrast to everything that she said before the last election, she will have backtracked on that, backflipped on that and backed down on that and will be delivering a carbon tax that she promised never to introduce, a carbon tax that will see all Australians face at least a 10 per cent rise in electricity prices and at least a nine per cent rise in gas prices. Under the government's own optimistic forecasts, we will see at least three million Australian households worse off and Australian industry made less competitive than industries anywhere else around the world. Just today we see evidence splashed across the front page of the Australian Financial Review demonstrating just how high this carbon tax is in comparison with the rest of the world. It is basically double the price of the European scheme, the only scheme that is vaguely comparable to what is being proposed in Australia.

As I heard one of my colleagues say, this is indeed a black day for Australia. It is a shameful day for Australian democracy that this government lacks the courage to take this to the Australian people. That is the final challenge I lay down. If this government has courage in its conviction, if it is genuine about this policy, then it should take it to the people. Before going to the Governor-General and recommending proclamation of the carbon tax, the Prime Minister should go to the Governor-General and call an election.

Senator WONG (South Australia—Minister for Finance and Deregulation) (11:09): In response to the amendments, this is what the blood oath to repeal has come to.

The opposition who have said to business, 'Don't buy permits,' now want them to be able to buy more permits and to defer the payment. Mr Abbott has said that in what is left of his political life he is determined to oppose and tear down this tax. He jets off to London while this vote is on foot. While he is in the United Kingdom he might want to talk to conservative Prime Minister Mr Cameron, who agrees with a price on carbon. The opposition are hypocrites. They come in here and say, 'We completely oppose this—

Opposition senators interjecting—

The TEMPORARY CHAIRMAN (Senator Boyce): Senator Wong, sit down, please. I will call the minister when there is quiet in the chamber.

Senator WONG: I will not take up too much time in this debate, because I know Senator Cormann wants to contribute. I make the point that the opposition are seeking to amend legislation that they say they will repeal. The opposition are seeking to make it easier, on their submission to the chamber, for people to purchase permits when Mr Abbott's position is that no-one should purchase permits. If anybody ever wanted a demonstration of how the blood oath has gone pretty watery, you have got it today.

Senator CORMANN (Western Australia) (11:11): As we approach the end of this debate because of the Labor-Green gag that will cut this debate short, as we are talking about the last amendments, let me make a number of observations. Today is the day when Labor senators will lock in their betrayal of the Australian people. Today is the day when each single Labor member and senator all the way to the next election.
History will judge Labor members and senators harshly and, before then, the Australian people will judge Labor members and senators harshly at the next election.

After years of inquiries and debate, people across Australia understand that a carbon tax in Australia when our trading partners and competitors are not going down the same path—an economy wide carbon tax, an economy wide emissions trading scheme in Australia, when trade competitors and our trading partners are not doing the same—will be all economic pain for no environmental gain for the world. People across Australia understand that this is a tax which will push up the cost of everything, which will make Australia less competitive internationally, which will cost jobs, which will result in lower real wages and which will see emissions in Australia continue to go up.

Senator Milne: Mr Chairman, I rise on a point of order. We are debating the amendments moved by Senator Birmingham. My point of order is on relevance. Senator Cormann is not addressing the amendments and the issue of forward contracting.

The CHAIRMAN: I draw Senator Cormann's attention to the amendments.

Senator Cormann: I can understand why the Greens are very touchy about this. The Greens voted in favour of a gag which in the past they said was evil. The Greens are embarrassed about the impact that this tax will have on the Australian people. The Greens are here wanting to protect the Labor Party because they know that Labor will pay a price for their betrayal of the Australian people at the next election. Of course, the Greens today will be celebrating because they have been able to suck the Australian Labor Party into their policy, even though they know it will be all economic pain for Australia without any environmental gain for the world. This is a tax which will impose a cost of $1 trillion in today's dollars on our economy between now and 2050. That is nearly the whole of our GDP for the whole year. It means that, effectively, between now and 2050 every Australian will have to pay for a whole year for nothing to pay for the impact of this carbon tax. And this Labor-Greens carbon tax will see $792 billion in our money go overseas to pay for permission for us to keep the lights on here in Australia.

The government released some modelling, and the modelling, of course, was completely inadequate. The modelling used assumptions that lacked credibility. The modelling used assumptions, for example, that the rest of the world would be part of a global trading scheme by 2016. That is not going to happen. The US will not have a trading scheme by 2016. China will not have a trading scheme by 2016—or ever. And the modelling that was done by Treasury never even assessed the impact of the carbon tax on jobs, yet we have a Treasurer, Prime Minister and Minister for Climate Change and Energy Efficiency who claim that the carbon tax will not have an impact on jobs. Let us be very clear: the government's modelling never even assessed the impact of the carbon tax on jobs.

The one thing that the modelling did show is that, supposedly, achieving a five per cent emissions reduction in Australia by 2020 is now cheaper than what it would have been if we had passed the CPRS. A couple of years later, starting later, it is now apparently cheaper to achieve a five per cent emissions reduction by 2020 under the carbon tax than what it would have been under the CPRS. So much for the argument prosecuted by the government that we need to act now because the price is going to go up; if we wait another couple of years, perhaps it will be cheaper again, Minister. Your argument just does not make sense.
And the government refuse to release the information in relation to their modelling that would have enabled proper scrutiny of that modelling by third parties. Clearly the government had something to hide. The political objective that the government pursued with the Treasury modelling was to send a message out into the community that somehow this carbon tax could be introduced without having much of an impact on people. They were intent on making people believe that there is just going to be a minimal impact—a 10 per cent increase in electricity prices, six per cent reduction in real wages by 2050, $1 trillion cost to GDP by 2050—but the Treasury modelling underestimates what the true impact of the carbon tax is going to be.

This is the world's largest carbon tax. The US has none and will not have one in the foreseeable future—perhaps ever. China has none and will not have one in the foreseeable future—probably ever. Europe does have an emissions trading scheme, but the price on carbon in Europe is less than half of what is proposed in Australia, significant sectors of the economy are excluded and there is up to 100 per cent protection for emissions-intensive, trade-exposed industries. So this carbon tax here in Australia is completely non-comparable with what is imposed in other parts of the world. The government makes the point that somehow India and China are making significant efforts. Don't look any further than the government's own modelling, because about India it says very clearly in black and white that the government does not believe that there will be any mitigation in India. In relation to China the government now believes that emissions in China by 2020 will be 1.8 billion tonnes of CO2 higher than what they thought three years ago when Kevin Rudd was pursuing the CPRS.

This is a tax which will push up the cost of everything. This is a tax which will make higher-emitting overseas manufacturers more competitive than even the most environmentally efficient business here in Australia. It will help higher-emitting businesses in other parts of the world take market share away from lower-emitting businesses in Australia. It will see emissions shifted from Australia to other parts of the world. That is not effective action on climate change; this is an act of economic self-harm.

Let me be very clear: the coalition will of course vote against this bad tax which is based on a lie. Labor will stand condemned for its role in supporting the Greens carbon tax policy by pushing this bad carbon tax through this parliament. We will vote against it and the next election will be a referendum on the carbon tax. If we win the next election we will look forward to opposition leader Bill Shorten sitting side by side next to Prime Minister Tony Abbott in voting against this bad tax, because we all know Bill Shorten knows that this is a bad tax for Australia. Bill Shorten knows that this is a tax which pushes up the cost of everything and which will cost jobs in particular in the manufacturing sector—and all of that without doing anything to reduce global greenhouse gas emissions.

I conclude my remarks on this amendment here. Yet again: Labor senators will stand condemned in history and, before that, at the next election for their role in pushing this tax through this parliament today. This is formalising their betrayal of the Australian people. This is locking in their broken promise. There can be no more emphatic promise than that there will be no carbon tax under a government led by Julia Gillard, and of course the only reason we are going to have one is that Prime Minister Gillard was too weak to stand up for the national interest against the bullying of the Greens.
Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (11:20): Thank you very much, Chair.

Senator Bob Brown: Mr Chair, I rise on a point of order. You know exactly what is happening here, which is that—

The CHAIRMAN: I have recognised a party leader and that is in tradition with how the Senate has operated in the past. Senator Joyce is a party leader. He has the call over Senator Milne.

Senator Bob Brown: Yes. Given the recognition you have given, I ask you to ask the chair if that ruling by you is in order.

The CHAIRMAN: It is practice and it is already documented by the Standing Committee on Procedure. Senator Joyce, you have the call. There is no point of order.

Senator JOYCE: It is a very sad day when Al Gore has more effect on the Prime Minister of Australia than the Australian voter. It is a very sad day when we have to cease this debate because the Greens have to go to Durban, where we now find out Leonardo DiCaprio will be there with Angelina Jolie, Arnold Schwarzenegger and Bono. It is a very sad day when these people are more important than the people of Blacktown, the people of Ipswich, the people of the suburbs and the people of the regions. It is a sad day when we introduce a new, broad based consumption tax delivered to every house whether they like it or not, paid on the price of the heater that keeps them warm, paid on the price of the air conditioner that keeps them cool, paid on the food that sustains them. It is a very sad day when we bring in a broad based consumption tax which basically ignores the working families of this nation in favour of a conceit and a frolic. The biggest beneficiaries of this tax will be the big banks through the commissions they will make on the future trading scheme over the will of working families and due to the actions of the Greens and the Labor Party, who have completely deserted their principles because they have now evolved into a higher being which lives in contempt of the Australian people.

This legislation is the height of foolishness for this nation, which as we speak is a mere $32 billion away from our next debt ceiling. When our nation's credit card is presented, the attendant will say, 'Transaction declined; please go see your bank.' It is a very sad day when we start progressing down a path of reorganising our nation and our economy on account of a colourless, odourless gas. It is the height of foolishness.

It is a very sad day when cheap power, one of our greatest competitive advantages, is given up. We have a choice here between cheap power and cheap wages; the Labor-Greens alliance have chosen cheap wages. They are opening the door so that those who compete against us can take away what remnants we have of a manufacturing industry. They will do it because they do not care. They have evolved into a higher organism; they do not care anymore. It is all theatrics—the theatrics of Bono, the theatrics of Schwarzenegger, the theatrics of Angelina Jolie and the theatrics of the Greens. That is what it is all about.

It is a very sad day when the weatherboard and iron and the bricks and tiles of the suburbs are subjugated to the will of the big banks. It is a very sad day when the Australian people find that they have been misled by a warrant which was made to them and on which they cast their vote—a warrant that said quite explicitly that there would be no carbon tax—and when the office of the Prime Minister is stymied and sullied and basically cast into the mud because of the will of a disparate corner of the chamber that
has now, like a Praetorian Guard inside the Labor Party, taken control.

It is a very sad day when the minister responsible for the passage of this legislation is incapable of giving answers to any of the questions I ask because it does not matter—'You don't need an answer anymore.' This is all about allowing Senator Bob Brown and these people to have their time at Durban.

It is absolutely absurd to believe that this legislation will do anything to the temperature of the globe. Nothing is going to happen to the temperature of the globe because of this legislation; it will stay precisely on the course that it is on now. Whether the temperature is going up, down or sideways, this legislation will make no difference. People will be poorer—that will definitely happen—but this legislation will do nothing for the climate, even according to the comparative analysis.

It is absurd to think that, with the passage of this legislation, Hu Jintao in China will suddenly wake up and say: 'I've seen the light! I'm now going to participate in a carbon tax like Australia. I'm going to follow that lemming off the cliff.' It is absolutely absurd to think that Manmohan Singh in India is saying to the Indian people, 'No—you can stay on bikes; you can keep your standard of living so you can follow Australia.' It is absurd to think that Barack Obama is tossing and turning in the middle of the night worrying about what our position is. We are doing this only to ourselves. It is the ultimate act of self indulgence.

The Labor Party have deserted their principles. The Labor Party have deserted the working families of Australia. The Labor Party should remind themselves of one thing: it is totally absurd for them to believe that the Australian people will not remember this at the next election. At the next election, they will be waiting for you. I have seen this before in recent political history. If you think they have forgotten, fool is you. They will remember it, and we will make certain that every day we come and present this argument to you. Between now and the next election will not be a reprieve; you will be constantly reminded of the deceit that each one of you have shown the Australian people.

It was not just Julia Gillard who got elected on a false promise. It is not just Julia Gillard who has let the Australian people down but every person who made warrant to the electorate that they were part of a government which would not bring in a carbon tax. Each one of them has gone to the electorate and basically not told the truth. Now, apparently, we believe in this chamber that it is not important to tell the truth; it is not important to be clear about key policy objectives prior to an election. How did we get to this position?

What was the debate that brought this legislation about? Why did you desert not only the principles of your own party but also the principles of the whole of the Australian people? Why do you think that there is that palpable frustration—that white fury—which will descend on you because of the decisions you have made? Are the Australian Greens going to save the Australian Labor Party at the next election? No, they will not; you will be crucified at the next election. You have decided to walk away from faith, family and the Labor Party in order to allow the Australian Greens to run the agenda.

This legislation works on one false premise: you believe that carbon, as it is at the moment, is free—you believe that people get their power, their food and their fuel for free. People cannot afford things as it is now—they are struggling as it is now; life is
hard enough as it is now—yet you have decided to desert them. You have decided to desert the people of Blacktown, to desert the people of Seven Hills, to desert the people of Ipswich, to desert the people of Rockhampton. You have deserted them for whom? You have deserted them for Dr Bob Brown, Al Gore, Angelina Jolie and Leonardo DiCaprio—and Tony Windsor, as a part-architect of this legislation, obviously also holds responsibility. The Australian people will not forget this. You have given us an arrow in our quiver which we will use against you time and time again. This is a very, very depressing day for Australia, and you watch at the end. The end of this will show absolutely, in cast iron, how out of touch this is. When this vote goes through you will see backslapping, hugging and a kissathon going on. What are you going to say to the person who lives with Black and Gold brand in their cupboard because they cannot afford the power as it is? What are you going to say to the worker who loses their job for some ridiculous concept of a green job? There are only two types of jobs in Australia. There are real jobs and cheap jobs, and you are about to give them cheap jobs and let our nation down.

The CHAIRMAN: I understand that informal arrangements have been made for the last half-hour of the debate and consequently there will be two Greens speakers in sequence. The first speaker is Senator Milne.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (11:30): Today is a great day in Australia's political history. It signals a change of direction for the nation—

Opposition senators interjecting—

Senator MILNE: and it is a psychological shift which the coalition simply cannot cope with. It is a psychological shift from the fossil fuel past to a renewable powered future. It is overdue and it is urgent. With seven billion people—

Opposition senators interjecting—

Senator Bob Brown: Mr Chairman, I rise on a point of order. The interjections from opposite are disorderly. There is a full gallery here. The public deserves to hear what is going on. I cannot hear the speaker right next to me and I ask you to invoke the standing orders.

The CHAIRMAN: I remind all senators, in particular those on my left, to please listen to the speaker in silence.

Senator MILNE: This parliament is delivering profound environmental, economic and social reform, and I can understand why the coalition, who oppose that environmental, social and economic reform, are behaving as they are. This provides a platform for a higher level of ambition on climate change because, as I was saying, with a planet with seven billion people and accelerated global warming we need to make sure that the platform we are delivering today has the capacity for upward flexibility so that we can do more. I am confident of the reforms we are moving to establish—the new Climate Change Authority and an 80 per cent target by 2050. We need to accelerate that to net carbon zero, but at least we have the potential to lift our ambition with the trajectory that we have set. We are bringing in an emissions trading scheme and therefore implementing the 'polluter pays' principle; we are establishing the Clean Energy Finance Corporation, which will be a massive investment in renewable energy; we are delivering on energy efficiency; and we are also making sure that there is a huge investment in Australia's biodiversity and ecosystems because we all know that our ecosystems are suffering as a result of climate change and
overexploitation—no more so than on the Great Barrier Reef, which, right as we speak, is not only subject to global warming and the acidification of the oceans but also subject to degradation because of an insatiable appetite for fossil fuels which we need to get away from.

This is far reaching and transformative. It is being delivered because the people of Australia voted at the last election for a power-sharing parliament.

Opposition senators interjecting—

Senator MILNE: I know that the coalition cannot cope with that, but this is a power-sharing parliament and, as a result of an agreement with the government, there was an undertaking to deliver a carbon price mechanism in this period of government, which we have done through the Multi-Party Climate Change Committee, on which there were experts and Independents, Mr Oakeshott and Mr Windsor; from the government, with the Prime Minister, the Treasurer and Minister Combet; and of course from the Greens, with Adam Bandt, the Greens member for Melbourne, Senator Bob Brown, the Leader of the Greens, and me.

As I said, this is the foundation of innovation and transformation. This is our opportunity to rebuild the manufacturing sector in Australia, to diversify our economy and create jobs not only in the cities but right through rural and regional Australia. It is our opportunity to say to our grandchildren that we are at least now trying to take a whole-of-government approach to reduce greenhouse gas emissions in Australia and at last we will be able to stand up in global fora and say that Australia has started the process.

We accept that this is the beginning, but we also know that this legislation will not be repealed. That is why this is so historic. This is the day when Australia changes direction. This is the day when not only has Australia changed direction but also, with the psychological shift, business engagement and the innovation and the opportunity that is going to come from this, the coalition is on the back foot here. Its leader, Mr Abbott, has cut and run and headed to London for a meeting he does not have to be at for two days. He could have flown out tonight but he did not have the courage, because he cannot accept the fact that this nation has left him behind and embraced the future. I can understand why the coalition cannot see the future, but we can and we will deliver on it.

(Time expired)

The CHAIRMAN: Can I indicate to the chamber that the clocks will be set for four minutes for Senator Brown, two minutes for Senator Xenophon, nine minutes for Senator Abetz and 10 minutes for Senator Wong. I do that with the concurrence of the Senate. I remind senators to be orderly.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (11:36): This is an historic day not just for this Senate and this parliament of this great nation but for seven billion people on a planet which faces great problems due to the impact of that human herd on the finite planet itself. What we are doing here today is legislating—albeit with reserve—to hold back the great nemesis of climate change for the whole future of humanity and indeed of our millions of fellow species on this planet. What we are doing here today—

An incident having occurred in the gallery—

The CHAIRMAN: Order! Could I remind members of the public in the gallery that it is disorderly to interrupt debate by clapping and applause and to please desist.

Senator Chris Evans: Mr Chairman, I rise on a point of order. I think this debate will proceed better if constant interjections
from the opposition were controlled a bit better. Senator Fierravanti-Wells has been screaming for the last five minutes. I ask that you ask for a bit more order and then I think the chamber will proceed in a more calm and orderly way.

**Senator Heffernan:** I rise on a point of order. On this most historic day, as some people see it, in Australia we are passing legislation that 90 per cent of the people in this parliament do not understand—and that is the truth.

**The CHAIRMAN:** Senator Heffernan, that is not a point of order. Before I call Senator Bob Brown, I remind all senators that it is disorderly to interject and that courtesy should be given to the speaker. Senator Brown, you have the call.

**Senator BOB BROWN:** I am particularly joyful that this great moment should be being shared by so many of the citizens of this country in the galleries here today. This is a democracy which is functioning. This is a democracy which is working in the interests not only of this generation but also of all Australian and global generations to come.

We are confronted not only to see how best we can line our pockets and take from the planet in our own time in a three-year cycle but also to go beyond that and ask ourselves whether people 50 or 500 years from now will thank us for what we are doing. And people 50 or 500 years from now will thank us for the passage of this legislation, with one caveat: they will know that this was timid, that it was short of the mark but that, nevertheless, in a divided parliament, it had a gallantry, a far-sightedness, integrity and honesty with future generations—which have the numbers in this chamber.

**Senator Brandis interjecting—**

**The CHAIRMAN:** Order! Senator Brandis, you will have to withdraw that remark.

**Senator Brandis interjecting—**
**Senator Wong interjecting—**

**The CHAIRMAN:** Stand and withdraw, please, Senator Brandis.

**Senator Brandis:** I withdraw.

**The CHAIRMAN:** Senator Brown, you have the call.

**Senator BOB BROWN:** Twenty-seven years after the Hon. Barry Jones, then Minister for Science, first raised in this great parliament the spectre of climate change, here we are taking real action. It has been too slow and it has been too short of the vision that you must expect of great parliaments, but here today we are making up for that inaction.

I congratulate the Prime Minister of this country, Julia Gillard, for her integrity in following through against the huge condemnation that has been levelled at her. I congratulate the Minister for Climate Change—now in the gallery—who has shown such fortitude and integrity in this legislation coming through the House and now into this chamber, and I congratulate his fellow ministers. I congratulate the Independent members for New England and Lyne, who were part of the committee which has led to this outcome. And I congratulate my deputy leader, Christine Milne, Adam Bandt and our Greens team for carrying this historic vote through to conclusion in this parliament.

It is a great day for Australia. It is a great day for the Barrier Reef, for the Murray-Darling Basin, for Ningaloo, for Kakadu and for this nation’s future, and it is a great day for this planet Earth, upon which we all depend and which gives us inspiration, which gives us joy, which gives us happiness
and which today we are acknowledging we must return something to.

The CHAIRMAN: Prior to calling the next speaker, could I indicate to senators that the clocks have been readjusted to remove time from Senator Abetz and Senator Wong. Interjections will do this constantly, so please be respectful of speakers to come.

Senator XENOPHON (South Australia) (11:41): Before my final remarks on this legislation, let us go to the amendment at hand. The Electricity Supply Association makes it crystal clear that, if this amendment is not passed, if electricity suppliers must pay billions of dollars upfront for permits needed in years to come, it will be a windfall for bankers and a burden on consumers and will push up prices an additional 10 per cent on top of what they will increase already. That is why this amendment is essential.

Unlike others, I do not believe that Prime Minister Julia Gillard lied when she said just days before the last election that there would be no carbon tax under any government she led. But you do not have to lie to mislead and the Australian people have been misled. This scheme is such a massive change. As economic changes go, you do not get any bigger than this. Leadership is about bringing the people with you and honestly and openly communicating with them, engaging them, and convincing them of the merits of your case is key to this. And the best and most transparent way to engage with the Australian people is to let the people have a say on such a fundamental reform. That is why this amendment is essential.

So Australians have a right to ask how their wishes can be so betrayed. Australians should ask, because the answer is that the once great Labor Party has sold its policy soul to the Greens for the sake of staying in power. In short, the ALP has betrayed the working families of Australia—remember that phrase?—those families that struggle with cost-of-living pressures and with uncertainty about their job security. The vote by Labor senators later today will be the ultimate exhibition of that betrayal. If the carbon tax is such good policy, why did Labor not promise a carbon tax during the election? They denied their intentions. They deceived the electorate because they knew it was bad policy and, what is more, they knew that the Australian people knew that it was bad policy.

The ALP may take some comfort that GetUp! supports this act of betrayal of the Australian people, this act of economic and environmental vandalism, but GetUp! support is just like green jobs—for every one you get, you lose half-a-dozen traditional ones. That is why the Australian Labor Party today is haemorrhaging and deservedly so. Labor's traditional base knows that under this package electricity will go up by at least 10 per cent, three million households will be worse off, job security will diminish and real
wages will be lower. No wonder Labor promised no carbon tax at the last election.

Just yesterday we learnt of the economic and environmental damage this package will do. In the heart of the Prime Minister’s own electorate Coogee Chemicals have set aside their plans for a world-class methanol plant for Australia. With it 150 jobs are gone. With it $1 billion worth of investment is gone. With it $14 billion of exports are gone. Why? So we can have a cleaner planet? No, in fact so we can have a dirtier planet as the facility will no longer be built in Australia but in China, where the facility will have four times the amount of carbon dioxide emissions it would have had in Australia without a carbon tax.

Only the genius minds of this Labor Party could think of a scheme that destroys our economy, jobs and wealth whilst simultaneously destroying the environment. But this carbon tax policy is just the latest instalment of Labor’s successful economic-environmental policy mix. Think pink batts. Think green loans. Think solar panels. Think cash for clunkers. Who else could design a tax that will cost our economy $24 billion but still run at a loss over the forward estimates? With all these policy successes under their belt, the ALP now claim that their modelling shows we will all be better off. If they really believe we will all be better off with a $23-per-tonne tax on carbon dioxide emissions, I would urge them to double it or treble it because we will all be twice or three times better off. The Labor Party do not believe their own propaganda.

If they really think this dirty deal is such a good idea, why guillotine discussion in this most brazen of ways? The reason the Greens and the ALP are so anxious to cut debate short is that they know they have no moral authority from the public, from an electoral mandate. They know that countries like the USA, Canada, South Korea, Japan, New Zealand, France and the other 19 of the G20 are all backing away. Indeed, they are adopting a direct action approach, exactly as the coalition suggested at the last election. As the international community turns its back on carbon taxes, so too do the Australian people. The Australian people remember what Senator Wong in her former manifestation told them: ‘We know that you can’t have any environmental certainty with a carbon tax;’ ‘A carbon tax does not guarantee emissions reductions;’ ‘I have been very upfront about why I think a carbon tax isn’t the most sensible thing for Australia.’ A carbon tax was a bad idea then. It remains a bad idea today. Minister Wong knew it. Labor knew it. The people know it. The international community know it. But the ALP will nevertheless recklessly vote this dirty deal through the Senate, a deal which is the grossest betrayal of an electoral mandate in Australian political history, a deal which is economically reckless, a deal which perversely is environmentally damaging, a deal which will increase the cost of living for everybody, a deal which will cost jobs, and a deal which the coalition opposes, a deal which the coalition will seek a mandate to throw out after the next election.

In opposing the bills we in the coalition are saying yes to restoring integrity to our democratic process. We are saying yes to job security. We are saying yes to easing the pressure on the ever-increasing cost of living for the long-forgotten working families of Australia. We are saying yes to a better way through our Direct Action Plan, which is now being replicated all over the world, from the United States to France, from the New Zealand to Japan, from Canada to South Korea. The next election will be the referendum that people were denied on the carbon tax. We will seek a mandate from the people at the next election and we will
accept their verdict. The big question for Labor is: will they be willing to give the people a voice and, if so, will they accept the people’s verdict? Will Labor serve the Australian people or the Australian Greens? The Australian people know where the coalition stands: we stand with them. With the support of the Australian people, we dedicate ourselves to the repeal of this dirty deal. *(Time expired)*

The CHAIRMAN: Before I call Senator Wong, I indicate that Senator Abetz was heard in relative silence and the same courtesy should be extended to Senator Wong.

Senator WONG (South Australia—Minister for Finance and Deregulation) *(11:51)*: I rise to conclude the debate on the clean energy future legislation. It has been a long path to this day, a long path to get here. I start by thanking the many people who over many years served both Prime Minister Howard and in the last parliament and in this parliament served the government of the day to bring forward this policy and this legislation. I also say thanks to my personal staff in the last term who did so much work on the policy, much of which is reflected today. I want to particularly acknowledge the extraordinary work of Minister Combet and his team in the gallery today—a job extraordinarily well done. I also acknowledge the work of the Deputy Prime Minister but also, most importantly, the Prime Minister, who has had the courage and fortitude to deliver this reform. It is a reminder to this chamber that reform in this country is often opposed and that it requires leadership to deliver. Most of all I thank the members of the Australian community who in the face of the worst scare campaign we have seen in recent history have continued to say, ‘Yes, we will act. Yes, we want to act.’ I pay tribute to the many people—those here today and those beyond—who have turned their faces away from the fear and loathing campaign that Mr Abbott has engaged in.

Today marks the beginning of Australia’s clean energy future and in a few moments we will commence voting on a package that delivers for future generations of Australians. This is a historic moment. This is a historic reform, a reform long overdue, a reform which represents a clear divide in politics in this country between those who look to the future and those who are mired in the fear campaigns of today, those who speak to hope and optimism and those who want to drum up fear, those who want action on climate change and those who simply want to deny and oppose. We on this side accept the science. We accept the need to act. We also, like John Howard and Mr Turnbull, accept the advice of economists and accept that putting a price on carbon is the most efficient mechanism to reduce emissions.

This is a Labor government that is determined to get the big things done, to do what is right, to put the national interest first even when this is not an easy thing to do. I say to all of those in this chamber: this is a Labor reform, a reform that reflects Labor’s belief that we have never secured the prosperity of this nation by looking backwards. We have never secured the prosperity of this nation by standing still. We have never secured the prosperity of this nation by shirking reform. If that were the case, we would never have done things such as floating the dollar. We would never have brought down tariffs and we probably would never have got rid of Work Choices, which Senator Abetz so strongly advocated. This is a party that delivers reform, even when it is hard, for the future of the nation.

We are putting forward the bills today in a package that is true to the progressive principles of our party, a party that is focused
on creating jobs, a party that since being elected has seen over 700,000 jobs created in the Australian economy. This is a package that we know will increase jobs, and this is the set of facts the opposition cannot bear. We can grow jobs. We can grow our incomes. We can grow our economy and put a price on carbon. They can never accept those facts, as advised by Treasury, by experts, by economists and by scientists.

Labor is a party who supports working families, and that is why we have unashamedly prioritised working families in the assistance which forms part of the package before the parliament—tax reform that triples the tax-free threshold, makes tax cuts and increases payments. We are the party that looks after pensioners, a party that has delivered historic reform to the age pension, which we have added to in the package before the parliament. This is a Labor package, a significant economic reform but a reform that looks after working Australians as we move to a clean energy future, consistent with Labor principles.

I stood in this chamber some two years ago to watch the parliament fail short of the challenge that faced the nation. Today I stand here confident the parliament will rise to the challenge. We have been debating the need to put a price on carbon for many, many years. There have been some 37 parliamentary inquiries since 1991. There have been policies on both sides, including policies from Mr Howard and Mr Turnbull, to put a price on carbon. We have been debating it and arguing it, but today we deliver.

It is important to remember why we are doing this and how this reform speaks to us about our responsibilities, because this is a reform not just for today but for tomorrow. It is a reform for our children. It is a reform that is about listening to the next generation and ensuring that their voices are not drowned out by the din of opposition and vested interests that we have seen on display today and in the months previously. It is a reform which recognises our need to act for the future.

We in this place do have an enormous responsibility and a great privilege, and it is of leadership. There is an onus on us to do what we believe is right for the nation today but also for the nation tomorrow. This is why this has always been such a difficult reform—because it is a reform where we are asking this generation of Australians to do something today in order to reduce the risk for future generations, in order to secure prosperity tomorrow, in order to build a different economy, a different set of jobs, a clean energy future. It has been a hard reform because they are asked today to do something for future generations, and that is why we have failed on so many occasions. It is to the credit of the senators in this chamber and of members in the other place that finally we have a parliament that is prepared to say: ‘We will take responsibility. We recognise that we have the onus of acting not just for today. We recognise that we have a responsibility to people not yet born. We recognise that this is hard. We also recognise that this will be the subject of a ferocious fear campaign, but we should not be deterred.’ It has taken us a long time to get here. Many people, including some from the other side, have worked hard to bring us to this point. Many people in departments across the government and personal staff as well as ministers have worked hard. What we are doing is ensuring that we fulfil the responsibility that is upon us in the chamber to look to the future. I commend the bills to the chamber.

The CHAIRMAN: The time allocated for consideration of the remaining stages of these bills has now expired.
Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (12:00): Pursuant to contingent notice, I move:
That so much of standing order 142 be suspended as would prevent further consideration of the bills without limitation of time.

It is vitally important that the Australian people get the opportunity to see the damage that this package of bills will do not only to them personally but to the Australian economy as a whole. This denial of democracy that we have witnessed, this betrayal of a solemn election promise that we have witnessed, is bad enough. But what compounds that denial and that betrayal is the deliberate guillotining of this debate not once but twice. And then, having guillotined it twice, they seek to attack the Leader of the Opposition for not being here when the vote is about to be taken.

What we have seen throughout this debate is an unwillingness by the minister to answer the most fundamental questions. For example, where do you get your moral authority for this legislation when you went to the people saying that there will be no carbon tax? Do you claim an electoral mandate? Do you claim overwhelming support in the opinion polls? Well, you cannot do that. Do you claim that this is good policy? If it was good policy in November 2011, why was it such bad policy in August 2010 that all of those on the Labor benches were elected or re-elected on the promise of no carbon tax? They are unable to answer those fundamental threshold questions.

Nor are they able to tell us where the environmental dividend comes from with this legislation. We have the example of Coogee Chemicals. They are moving from Australia to China, where their carbon dioxide footprint will be four times as bad as it would have been in Australia without a carbon tax. They are unable to explain why the Kurri Kurri aluminium smelter is reducing its workforce. They are unable to explain why the working families of Australia—that great phrase of 2007—have now been discarded, along with their election promise of no carbon tax, like a soiled tissue to be forgotten and disregarded, as though working families and the solemn election promise meant nothing to the Australian Labor Party.

That is why we need more time to discuss these matters: so that the Australian people can see these issues fully ventilated. I suspect that if this was such a good policy—if this was such a winner for the ALP—they would want this debate to keep on going and do us slowly during the debate and win the public over. They know that they have betrayed their electoral mandate. The ALP know that they have betrayed their traditional supporters. They know that they have succumbed to a poor, light green imitation of their former great self. They have sold their political soul and their policy soul to the Australian Greens. What we are witnessing is the Greens tail wagging the Labor dog.

Each one of those senators opposite was elected on a party platform of no carbon tax. And yet we had the minister brazenly coming into this place saying that this is somehow historic and the right moral thing to do. Lying to the electorate has never been right; lying to the electorate has never been moral. This set of bills represents that lie and that deceit. That is why we as a coalition will continue to oppose these measures right up until the next election. If the Australian people give us a mandate to repeal those bills we will call on the Australian Labor Party to accept the verdict of the Australian people as one should do in a democracy. If the Leader of the Government in the Senate makes a contribution in this debate—the first time that he will rise to his feet in this debate—let
him state the Labor Party case very clearly: will you accept the verdict of the Australian people after the next election? Will you accept what the grassroots Labor movement is telling you, and that is to junk the Greens and to junk the carbon tax package?

Senator Brandis: The smart ones know that.

Senator ABETZ: The smart ones know that that is the case. We call on Labor to join us in accepting the verdict of the Australian people and to put this to an election. (Time expired)

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (12:05): This contribution by Senator Abetz again seeks to put off the judgment time; to put off the time at which the Liberal Party and the rest of the Senate get to vote on the bills. This debate has been going for 26 hours. We have had 37 parliamentary committee inquiries into the issue. This issue has been debated at great length in the parliament. The tactic from the opposition from the start has been to make the government use the guillotine. They have not engaged in the debate about the bills at all. I invite people to read their second reading and committee contributions. Their contributions are all anti-Greens bile that shows an obsession with the Greens. But they add nothing to the debate. So we have the last—or maybe the second-last, maybe the third-last—tactic to delay the vote, but nothing to contribute to the debate. The Liberal Party are purely oppositionist: they have nothing to contribute to the important public policy debate. And we have seen this again today; we just saw another contribution from Senator Abetz: nothing to contribute to the debate, bile about the Prime Minister, bile about the Greens—endless political rhetoric, nothing about the challenge of climate change, nothing about public policy solutions to that.

The parliament has had ample opportunity to debate these issues. We have canvassed this issue for many years. At one stage the Liberal Party, under former Prime Minister John Howard, would have voted for this legislation. They would have voted for this legislation because John Howard took this approach to the 2007 election. But, given how this debate has been conducted and the enormous amount of time we have committed to this debate, I move:

That the question be now put.

A division having been called and the bells being rung—

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (12:08): Mr Chairman, I seek leave to make a statement while the bells are ringing.

Leave not granted.

The committee divided. [12:12]

(The Chairman—Senator Parry)

Ayes ................. 36
Noes ............... 31
Majority .......... 5

AYES

Bilyk, CL
Brown, CL
Cameron, DN
Crossin, P
Evans, C
Faulkner, J
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
McLucas, J
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G
Urquhart, AE
Wong, P

Bishop, TM
Brown, RJ
Carr, RJ
Di Natale, R
Farrell, D
Furner, ML
Hanson-Young, SC
Ludlam, S
Lundy, KA
McEwen, A (teller)
Milne, C
Polley, H
Rhiannon, L
Siewert, R
Stephens, U
Thistlethwaite, M
Waters, LJ
Wright, PL

CHAMBER
The CHAIRMAN: The question now is that the motion moved by Senator Abetz for an extension of time be agreed to.

The committee divided. [12:19]

(The Chairman—Senator Parry)

Ayes...............32
Noes...............36
Majority..........4

The CHAIRMAN: The question now is that amendments (1) and (2) on sheet 7173, standing in the name of Senator Birmingham, on behalf of the opposition, and Senator Xenophon, be agreed to.

The committee divided. [12:25]

(The Chairman—Senator Parry)

Ayes...............32
Noes...............36
Majority..........4

Question negatived.

The CHAIRMAN: The question now is that amendments (1) and (2) on sheet 7173, standing in the name of Senator Birmingham, on behalf of the opposition, and Senator Xenophon, be agreed to.
AYES

Fierravanti-Wells, C
Heffernan, W
Johnston, D
Kroger, H (teller)
Madigan, JJ
McKenzie, B
Parry, S
Ronaldson, M
Scullion, NG
Williams, JR

AYES

Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
Mason, B
Nash, F
Payne, MA
Ryan, SM
Sinodinos, A
Xenophon, N

NOES

Bilyk, CL
Brown, CL
Cameron, DN
Crossin, P
Evans, C
Faulkner, J
Gallacher, AM
Hogg, JJ
Ludlam, S
Ludwig, JW
McEwen, A (teller)
McLucas, J
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G
Urquhart, AE
Wong, P

NOES

Bishop, TM
Brown, RJ
Carr, KJ
Di Natale, R
Farrell, D
Furner, ML
Hanson-Young, SC
Ludlam, S
Lundy, KA
McEwen, A (teller)
Milne, C
Polley, H
Rhiannon, L
Siewert, R
Stephens, U
Thistlethwaite, M
Waters, LJ
Wright, PL

PAIRS

Back, CJ
Edwards, S
Fawcett, DJ
Fifield, MP

PAIRS

Collins, JMA
Arbib, MV
Feeney, D
Conroy, SM

Arbib, MV
Edwards, S
Collins, JMA
Back, CJ
Feeney, D

Question negatived.

The CHAIRMAN: The question is that the Clean Energy Bill 2011 and 17 associated bills be agreed to without amendments or requests for amendments.

The committee divided. [12:33]

(Assistant to the Chairman—Senator Parry)

Ayes..................36
Noes..................32
Majority..........4
Third Reading

The PRESIDENT: The committee has considered the Clean Energy Bill 2011 and 17 related bills. The time allocated for debate having expired, it has agreed to them without amendments or requests. The question now is that the remaining stages of these bills be agreed to and the bills be now passed.

Question put.

A division having been called and the bells being rung—

Senator Ian Macdonald: Mr President, could you please get the Clerk to read the bills?

The PRESIDENT: I am required to read the question. The question has been put.

The Senate divided. [12:41]

(The President—Senator Hogg)

Ayes.................36
Noes..................32
Majority.............4

AYES

Bilyk, CL
Brown, CL
Cameron, DN
Crossin, P
Evans, C
Faulkner, J
Gallacher, AM
Hogg, JJ
Ludwig, JW
Marshall, GM
McLaren, J
Moore, CM
Pratt, LC
Sherry, NJ
Singh, LM
Sterle, G
Urquhart, AE
Wong, P

NOES

Cash, MC
Cormann, M
Fierravanti-Wells, C
Heffernan, W
Johnston, D
Kroger, H (teller)
Madigan, JJ
McKenzie, B
Parry, S
Ronaldson, M
Scullion, NG
Williams, JR

NOES

Colbeck, R
Eggleston, A
Fisher, M
Humphries, G
Joyce, B
Macdonald, ID
Mason, B
Nash, F
Payne, MA
Ryan, SM
Sinodinos, A
Xenophon, N

PAIRS

Arbib, MV
Birmingham, SJ
Conroy, SM
Feeney, D

Arbeit, E
Adams, J
Boswell, RL
Brandis, GH

Colbeck, R
Birmingham, SJ
Boyce, SK
Busby, DC

Question agreed to.

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (12:44): I seek leave to move a motion relating to the votes of Labor members of the House of Representatives and senators who have blatantly and wilfully betrayed their constituents by voting for the carbon tax.

Leave not granted.

Senator ABETZ: Pursuant to contingent notice, I move:

That so much of the standing orders be suspended as would prevent me moving a motion to provide for the consideration of a matter, namely a motion to give precedence to a motion relating to the Senate's condemnation of those Labor Senators and House of Representatives members who have betrayed the solemn trust placed in them by the Australian people.

This motion gives precedence to a motion relating to the Senate's condemnation of those Labor senators and House of Representatives members who have betrayed the solemn trust placed in them by the Australian people. That solemn promise was made by the Prime Minister and Deputy Prime Minister during the last election.
Every single ALP House of Representatives member, every single Labor senator is in this place by virtue of that promise that there will be no carbon tax—a carbon tax which will increase the cost of living; a carbon tax which will jeopardise jobs, disadvantaging our agriculture and manufacturing sectors whilst doing nothing for the environment; a carbon tax which other countries such as the USA, Canada, Japan, France and New Zealand have wisely rejected. We should condemn them.

Honourable senators interjecting—

The CHAIRMAN: Order! I ask senators who are not participating in the debate to leave the chamber or resume their seats.

Senator ABETZ: And what better photograph is there than that which I trust those in the press gallery will give to the coalition of that handshake between the Leader of the Government in the Senate and the Leader of the Australian Greens, which says it all about the betrayal and the sell-out of traditional Australian Labor Party values to the Australian Greens.

Who can forget that Senator Chris Evans himself led a Senate team in Western Australia promising no carbon tax? Who can forget that Labor Senator Singh, who betrayed the people of her electorate of Denison in the state parliament such that they threw her out at the last state election but were willing to give her a second go by electing her to the Senate at the last election on the promise of no carbon tax, has now betrayed those electors of Tasmania for a second time? And so it is with Senator Glenn Sterle, Senator Conroy—wisely absent—and all the other Labor Senators and House of Representatives members.

And if the Australian Labor Party think that this is a moment to have high fives, to congratulate each other and to celebrate their act of betrayal of the Australian people, so be it. But we as a coalition will retain the faith of the Australian people by giving them the opportunity to have a say in relation to this legislation—legislation which was clearly conceived in deceit. The Prime Minister and the Labor Party cannot get around the fact that they made a solemn promise not to introduce a carbon tax. The reason they made that solemn promise was that they knew it was bad policy. If it was such good policy they would have said in August 2010 that there would be a carbon tax under the leadership of Senator Chris Evans, there would be a carbon tax under the deputy leadership of Senator Conroy, there would be a carbon tax under Ms Gillard and there would be a carbon tax under Deputy Prime Minister Wayne Swan. But when we warned the Australian people about the deceit which was to be perpetrated we were accused by Mr Swan of being hysterical.

So the Labor Party has no moral commitment to this policy. They know it is bad policy. That is why they said no carbon tax time and time again—indeed, so often you would have thought all the roosters around the country would have started crowing. But on this occasion one of the roosters—Senator Conroy—was very quiet.

The Australian people are entitled to ask a fundamental question: how is it that when over 90 per cent of the parliamentarians in the two houses were elected on a promise of no carbon tax the carbon tax can somehow be legislated? The only way is because somebody has broken their solemn promise to the Australian people. Those who have done so are in fact, on this occasion—surprisingly not the Australian Greens—the Australian Labor Party, who will now go out celebrating with the Greens for their betrayal of the Australian people. We will give the Australian people an opportunity to cast a verdict in relation to this legislation at the next election.
We encourage Labor to bring forward that election to ensure that they do have a mandate for these bills before they start on 1 July next year. If the Leader of the Government in the Senate is to get up again to contribute to this debate, I encourage him to answer the question I posed last time: will you accept the verdict of the Australian people at the next election? (Time expired)

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (12:50): Obviously we oppose the suspension moved by Senator Abetz. This is another attempt to delay the conclusion of these matters. I want to congratulate Senator Abetz, though: he has managed to empty the chamber more quickly than any other speaker in the history of the parliament.

Senator Carr: Look at the galleries!

Senator CHRIS EVANS: Not only did he empty the chamber; he emptied the galleries. To those 20 people left: I don't know why you stayed for that, but congratulations for your perseverance! All of the rest of them fled because, quite frankly, they have heard this nonsense time and time again. Anyone who tuned in for the last two weeks would have heard the same tired old speech, the same abuse and the Liberal Party again hiding behind process. They have nothing to say about the policy and nothing to contribute to the debate. Abuse and process are their two contributions.

We will see the steady retreat of the Liberal Party from this position over the next year or two. We have already seen it from Senator Cormann on the question of the mining tax superannuation. When put under any pressure at all they run away. I do not know why Mr Robb was not invited to the meeting, but that is a matter for them. But we will see the steady movement away from this politics.

We have seen the most puerile of student politics in the last hour. We have seen senators scurrying out of the chamber so that the opposition could demand a four-minute division rather than a one-minute division. Grow up. Accept the verdict of the Senate. It is absolutely pathetic. You are an embarrassment to yourselves.

Senator Ian Macdonald: Mr President, on a point of order: this embarrassment of a government leader in the Senate is casting aspersions on and raising imputations against the motives of individual senators. That is contrary to the standing orders—

Senator Bob Brown interjecting— Senator Ian Macdonald: as Senator Brown should know, if he—

The DEPUTY PRESIDENT: I do not believe there is a point of order, Senator Macdonald.

Senator CHRIS EVANS: So here we have one more, puerile, student-politician act from the opposition, but we all know that the Senate has voted on the climate change legislation and that all we are doing now is preventing the Clerk from reading the titles of the bills. That must be huge victory for the opposition— they must be very proud of themselves for delaying the Clerk's reading of the titles of the bills! I think they ought to grow up, accept the decision of the Senate and move on.

I look forward to them supporting the Steel Transformation Plan Bill now rather than stacking the speakers list with people to make the same puerile contributions, full of abuse and arguments about process. Quite frankly, you have had nothing to contribute to this debate. We will not be supporting the suspension. Let the Liberal Party knock
themselves out, because they are irrelevant to any proper debate in this chamber.

Senator BRANDIS (Queensland—Deputy Leader of the Opposition in the Senate) (12:53): Senator Evans asked the opposition to accept the decision of the Senate; but the opposition says that the Senate should accept the decision of the people. This is an infamous day in the history of parliamentary democracy in Australia because there has never been, I dare say, an occasion in all of our 110-year history when this parliament has so flagrantly violated a commitment made to the people at the election which preceded it.

Senator Evans takes Senator Abetz to task for repeating what Senator Evans chooses to call ‘the same old, tired arguments’. But, Senator Evans, as you scurry out of the chamber, let me remind you of this: the truth does not change from one day to the next and the truth, as everyone in this chamber and everyone in this country knows, is that the Australian Labor Party went to the last election promising that there would be no carbon tax under any government led by Julia Gillard, that the Labor Party made that promise because they knew they were staring defeat in the face and that, had they not made that promise, they would not have won the 2010 election. But no sooner did they cobble together their alliance of infamy with the Australian Greens party than they reversed that commitment. Every Labor senator who voted for these bills knows that, in voting for these bills, they voted to betray the Australian people.

The Leader of the Government in the Senate takes the opposition to task for what he chooses to call ‘procedural stunts’. We are determined to fight these bills tooth and nail with every parliamentary process at our disposal because we know the Australian people expect no less of us. The 60 per cent and more—that is, a margin of some two to one—of the Australian people who do not want this carbon tax would expect nothing less of us.

There was an occasion within the memory of most people in this chamber when a major structural change to the Australian economy was proposed—it was called the GST. But the difference there was that the Howard government, which proposed the GST, one of the great true reforms of recent Australian history, took it to an election. Mr Howard won that election at considerable political cost but he won that election. What the Australian Labor Party have done is introduce what they call ‘a great reform’ in defiance of the result of an election. But I say through you, Mr Deputy President, to Labor senators: you will not escape your electoral reckoning. You might have run away from the issue of the carbon tax at the 2010 election, but at the next Australian election—whenever it is; whether it be next year or the year after—this will come back to haunt you. You will wear your betrayal of the Australian people—your flagrant breach of promise to the Australian people—like a crown of thorns, and you will not escape their judgment.

Some years ago, the former Premier of Queensland, Mr Wayne Goss, said of the Keating government in the context of the imminent 1996 election that people were ‘waiting on their verandas with baseball bats’ to give the government the message—they were waiting quietly but they were not going to miss them. I do not know how quietly the Australian people are waiting for their opportunity to pass judgment on this government and its cynical betrayal of its solemn commitment to them last time, but waiting they surely are and when the Australian people have the opportunity to have a say on whether they, the great sweep of Australian working families, want a
carbon tax, not whether Senator Bob Brown and the Greens want a carbon tax or whether a ragtag bunch of people in the gallery want a carbon tax, the voice of the forgotten people—

Senator Cormann interjecting—

Senator BRANDIS: the forgotten working families, Senator Cormann—will be heard. They will be given the opportunity then which this government has cynically contrived to deny them today—and, Senator Ludwig, they will not miss you.

Senator IAN MACDONALD (Queensland) (12:58): 'There will be no carbon tax under a government I lead'. They are the words that the Leader of the Australian Labor Party took to the last election. It was that commitment that every Labor Party candidate ran on in the election. I think it is instructive to look at why Ms Gillard made that commitment. She made that commitment because she knew that, if she told the truth at that last election, her party would have been annihilated. She also knew that the introduction of a carbon tax would not make one iota of difference to the changing climate of the world. She understood that the only thing a carbon tax would do would be to send Australian jobs offshore, send Australian workers into a state where unemployment would become rife. She knew that this carbon tax was bad policy and, because of that, she lied to the Australian people. She promised the Australian people she would not have this tax and then, as soon as it depended upon the keys to the Lodge, she changed her mind.

No Australian will ever forget that commitment, which Ms Gillard deliberately broke, and no Australian will forget the dishonesty of every single Labor member of parliament who campaigned in the last election against a carbon tax. A mere 12 months later, those Australians who believed the Labor Party and accepted that they would not introduce a carbon tax now find themselves with a job-destroying tax that will change the face of Australia. Australians will not forget. The way the Australian public was lied to is something which, regardless of political affiliations and regardless of your belief or otherwise in climate change and man's contribution to it, people will never forget. Australians will never forget that this is a policy based on a lie.

It has been raised before and we continue to ask Labor Party politicians: if you have changed your mind and now think that this tax is so good and that Australians actually want it, then why would you not do the honest thing, as John Howard did, and take this particular policy initiative to the people of Australia? If you are so confident it is good, if you are so confident it is what Australians want, then why would you not take it to an election? Why would you not give the Australian people a say in this new policy, which you promised not to introduce? Again, the answer is clear. Mr Acting Deputy President Furner, I ask you, Senator Ludwig and anyone else from the Labor Party who is in this chamber—and I see that none of them are terribly interested in this debate—if it is so good, why would you not go to an election? The answer again is obvious.

The motion of Senator Abetz should be supported. I think the Senate should be debating the duplicity of Australian Labor Party members who before the last election promised their constituents one thing and immediately they got in did another. The important part about this is that for all the promises we are getting about compensation from Ms Gillard, promises of help to every family, no Australian believes her. And why would they? Everything Ms Gillard says henceforth will not be believed by the Australian public because they have had one
experience of her. She promised never to bring in a carbon tax and she has done it. Anything else she promises the Australian people will be treated with disdain by them, and rightly so.

Senator RONALDSON (Victoria) (13:03): I rise today to make a short contribution to this debate. In doing so I would like to draw your attention, Mr Acting Deputy President, to two key things that happened here today. One was out of the mouths of babes: Senator Milne and Senator Bob Brown talking about power sharing. This is what the Australian Labor Party has got itself into—a situation where they are now power sharing with the Australian Greens. And the other aspect of this was the galleries today. They were full. They were full of Labor staffers. Where were the Australians who were due down here to vent their anger about the carbon tax? There is a group of lefties sitting at the other end there and there were trendy lefties, and the rest of them, quite frankly, were Labor Party staffers. People did not come here today, because they do not believe this government and they most certainly do not believe in this package of bills.

I want to mention five people in particular. I send out a very clear message to these five people and to others behind them. They are the most marginal Labor members in the other place and I will go through their seats: they are the members for Corangamite, Deakin, Greenway, Robertson and Lindsay. Can I tell every one of them: we are coming for you. I want to talk about two in particular, two gutless wonders who do not have the intestinal fortitude to speak on these bills—and they just happen to be the two most marginal seats in the other place; what a remarkable coincidence—the member for Corangamite and the member for Deakin. The two most marginal Labor members in this country did not speak on this debate.

Why would they not speak on this debate? Because they know, we know and those sitting opposite know that they were elected on the back of a lie. As a patron senator for Corangamite, I well remember the Prime Minister coming down and repeating the promise that there would be no carbon tax under a government that she led, with the member for Corangamite standing beside her and nodding in agreement.

There has been a lot of talk about what the Prime Minister has said, but I want to repeat the words of the Treasurer of this country, the second most important person politically in this country. On 15 August on Meet the Press the Treasurer, Wayne Swan, said:

... what we rejected is this hysterical allegation that somehow we are moving towards a carbon tax ...

and again, on The 7.30 Report, he said:

We have made our position very clear. We have ruled it out.

This is a government elected on the back of a lie. Every Labor member of parliament was elected on the back of a lie.

As Senator Abetz, Senator Brandis and all my colleagues said in the last week before these bills were gagged, you are not here on the back of a proper election; you do not deserve to be in this place; you can only deserve to be here if you go back to the polls and let the Australian people make the decision, as they should have in the first place. Mr Acting Deputy President, you saw the looks on the faces of those opposite today—because they knew that the poisoned chalice had been delivered to the Australian Labor Party.

As I said here last week, you are a party that have abrogated your philosophical lives to the Australian Greens. In the space of 18 bills you have given up the right to call yourselves the Australian Labor Party. You are now in a power-sharing arrangement...
with a group of people who are philosophically opposed to the great majority of those who sit opposite. But you sit there like lemmings and follow a Prime Minister who lied her way into office. What is going to happen is the Australian people will make sure that the person who lied her way into office is removed from office.

The ACTING DEPUTY PRESIDENT (Senator Furner): Order! Senator Ronaldson, I seek your withdrawal of that comment towards the Prime Minister. I find that unparsimonious.

Senator RONALDSON: Mr Acting Deputy President, I do not wish to debate this matter with you, but I will just say that it must have been said in this chamber a thousand times that the Prime Minister and this government were elected on the back of a lie. If you are now telling me that that is unparsimonious, that is fine. But I draw to your attention that it has been used, as it should have been, on many, many, many occasions during this debate.

The ACTING DEPUTY PRESIDENT: I am still seeking your withdrawal on that matter, Senator Ronaldson. This has been debated in this chamber on many occasions and reflecting on one person's conduct or character has been considered unparsimonious in the past.

Senator RONALDSON: Mr Acting Deputy President, in due—

Senator Marshall: Withdraw. Do as you are told!

Senator RONALDSON:deference to your position, I will withdraw. But I do not need to be advised by a couple of parliamentary lightweights like the senator opposite—nor indeed the man who will be responsible single-handedly for bringing down the Australian Labor Party and driving this economy and this country into a state of economic decline that I do not think we have ever seen, and we will see it again.

I see the smug look from Senator Bob Brown, and I think to myself, 'Surely those opposite are not prepared to let this man power-share any longer.' Let's go back to the polls. Let the Australian people— (Time expired)

Senator BOSWELL (Queensland) (13:10): This is a sad day for some on this side of the parliament but it is a joyous day for others—and it will be a diabolical day for the Labor Party. You have to congratulate Senator Bob Brown. He has performed magnificently and he had led the Labor Party into oblivion. I have never seen anything like it. I have never seen a person who has totally different views from the blue-collar workers of Australia being able to swing a whole party, like a bunch of lemmings going over the cliff. You have to congratulate Senator Brown. He has captured the Labor Party. All that clapping in the gallery when Senator Brown got up to speak reminded me very much of the Labor Party vote slipping and slipping and just ebbing out. While the Greens were rising, the Labor Party was falling.

This legislation is going to start to take effect on 1 July 2013 and the first volley will be when people get their electricity bills. And it will not be going up 10 per cent. It might go up 10 per cent in the homes and you will probably stand that. It will hurt people. It will hurt the pensioners. It will hurt the unemployed. Maybe people can afford it, but where it is going to hit hard is when, on top of all the state charges, it goes up 30 per cent in industry. Every industry is going to have to pay an increase of 30 per cent. As Senator Joyce referred to today, the only way we have a manufacturing sector is by embracing cheap energy, which we have an abundance of. But the Labor Party and the
Greens want to even it up a bit and take our advantage away from us.

I cannot see how you get out of this one. I cannot see how the Labor Party get out of this. I cannot see how they got into it. Why would you sell out your soul and your blue-collar workers—the people who have supported you and paid their union fees and religiously turned up to hand out your how-to-vote cards? How could you sell them out? How could you be conned by a bunch of Greens, who are really the socialist alliance and the hard, hard left of parliament?

You got a warning shot today when Coogee factory said, 'We are going to close down a whole factory and put a huge number of people out of work and we will go overseas.' Rio Tinto are selling their refineries—and the carbon tax has not even come in yet. The carbon tax has 18 months to go. It has not come in yet and already we are seeing casualties—people are already leaving. Rio Tinto have got their refineries on the market. Someone rang me the other day and said, 'I cannot survive a carbon tax.' It was the last tanner in Australia and represented the kangaroo industry. There is a flow-on effect of that to rural Australia. In every little town there is a little kangaroo box out and the shooters shoot into that. It goes to the tannery and they make very high-quality leather. That is to go. You are going to see a domino effect sweeping across Australia. It has already started. I do not know how you ever got into this situation. How could you fall for a bunch of people like the Greens? You know what they are like. They are the hard, hard left, the anti-Semites. They are the socialist left and you are traipsing along behind them. You are going to pay a very heavy price. It has been a great victory for Bob Brown and his nine supporters over there, but it is going to be the most terrible loss for the Labor Party. We will never forget this and the people will never forget the betrayal that you have inflicted on them. (Time expired)

The ACTING DEPUTY PRESIDENT (Senator Furner): Order! The time for this debate has expired. The question is that the motion moved by Senator Abetz be agreed to.

Question negatived.

Original question agreed to.

Bills read a third time.

Steel Transformation Plan Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

(Quorum formed)

Senator COLBECK (Tasmania) (13:19):

I rise to make a contribution on the government's Steel Transformation Plan Bill 2011. No sooner have we passed the carbon tax than we start cleaning up the mess. If there were no carbon tax there would be no reason to put in place the Steel Transformation Plan. This Steel Transformation Plan is effectively a $300 million proposal to sort out two companies. The really disappointing thing is that 80 per cent of the workers within the steel industry actually receive absolutely no benefit from this particular package. It is designed specifically to deal with the problems that the government has created for two companies, namely OneSteel and BlueScope.

We have heard in this chamber a number of times the Minister for Innovation, Industry, Science and Research talking about his transformation of business models—in fact, his attack on the people smugglers' business model. Today we see the effect that he has had on the steel industry's business model. He has completely and utterly destroyed the steel industry's business model. We heard, when the current minister was the
opposition spokesman for industry, speech after speech and rant after rant about what he was going to do for industry in this country. Yet what we have seen since Senator Carr became minister for industry is the loss of 136,000 jobs in the manufacturing sector and the absolute decimation of the steel industry.

We know that economic conditions are not all that flash and there are a number of factors that are impacting on the steel industry, but the fact that he has had to come to the chamber with this $300 million package to assist the steel industry gives a clear demonstration of what he has done to this industry and how he has completely and utterly failed as the industry minister since he was appointed. In fact, there is not much question now that he would have to be one of the worst industry ministers in living memory. When we reflect on visionary ministers such as John Button and others who served in this sector under the leadership of John Howard over 11 years, we have not seen anything like what this minister has done to the steel industry.

As I said, 136,000 jobs have gone under his watch. When you look at what has happened to the two businesses that are the subject of this steel package, BlueScope and OneSteel, you get a pretty clear demonstration of the negative impact that Minister Carr has had on the manufacturing sector, and on the steel industry in particular. When the carbon tax was announced on 23 February this year, the share price of OneSteel was $2.86. It valued the company at about $3.8 billion. By the time this package was announced, on 11 July, the share price had dropped to $1.93 and the value of the company to $2.57 billion. They had wiped $1.23 billion off the value of OneSteel. By the time the next day was over after the steel package was announced they had wiped off the value of the steel package. If you look at the share price at the start of trade today, the shares went from $2.86 on 23 February 2011 to 96c. So they have turned a company that in February this year had a value of $3.8 billion into a company that now has a value of just under $1.3 billion. They have wiped 66.4 per cent of the value of OneSteel off its share price since February this year. That is, $2.53 billion has been wiped off the value of OneSteel.

Let's have a look at BlueScope. On 23 February its share price was $2.20. By the time of the announcement of the Steel Transformation Plan, on 11 July, it had dropped to $1.26. On the next day it was $1.22 and today at the beginning of trade it was 74c. So BlueScope had a value of over $4 billion on 23 February this year and now has a value of $1.35 billion, according to the share price of 74c, down from $2.20. So $2.6 billion has been wiped off the value of BlueScope Steel. Both of these companies have lost about 66 per cent—well in excess of anything else on the All Ordinaries. So 66 per cent has been wiped off the value of both of these businesses. A total of over $5 billion has been wiped off the value of these two iconic Australian steel businesses since 23 February 2011.

We call this the Steel Transformation Plan Bill—I think that says it all. These two businesses had a combined value of almost $8 billion on 23 February this year and this government, through its policies, has certainly transformed them. It has wiped in excess of $5 billion off the value of these two businesses. Businesses that were worth over $8 billion are now worth just under $3 billion. I call that a fair transformation!

What do they get in return for that? They get $300 million over four, five or six years. Government ministers have not been able to decide how long this package is going to last. Clause 12 of the Steel Transformation Plan Bill clearly states that the plan covers the
four-year period between 2012-13 and 2015-16. But on 12 July a media release by Greg Combet, Sharon Bird and Stephen Jones said it would deliver assistance worth up to $300 million over five years. Mr Dreyfus also said it was to provide $300 million over five years. The official websites of the Department of Innovation, Industry, Science and Research and the Department of Climate Change and Energy Efficiency, however, both say the plan will operate over six years.

The reality is, though, that the assistance under this bill could actually be extinguished, completely used up, in one year and one day. The bill provides for advances to be made. According to the figures that I have, as much as $164 million can be paid out in advances before the carbon tax is even introduced, which demonstrates how much trouble the government has caused for this industry and the need for them to start cleaning up the mess, even on the day that we have passed the carbon tax. As much as $75 million can be paid out each financial year. In other words, you could have a situation where at least $150 million could be paid in advances and the balance could potentially be paid out at any time during the first two financial years. So on the first day of the second financial year we could have spent the whole lot.

Then what does the government do to support the steel industry beyond the first year of the carbon tax? I think that is a fairly reasonable question for the opposition to ask. What is the government going to do post the first year of the carbon tax? We know that the carbon price is going to rise every year. It will be indexed over and above inflation. So this impost that has been applied to Australian industry that does not apply anywhere else in the world will continue to rise. There is no question that this is one of the reasons that when I sit down with major investors from the mining sector or from the financial sector they have now started talking about this government in terms of sovereign risk. It was surprising to me the first time that I heard that. I was sitting with a group of global investors and miners. As we went around the table, they consistently spoke about this government in terms of sovereign risk. They told me that money and investment is portable. Here is the proof: OneSteel shares going from $2.86 on 23 February this year down to 96c, wiping $2.5 billion off the value of the company, and BlueScope Steel shares going from $2.20 on 23 February this year to this morning's opening price of 74c, wiping $2.6 billion off the value of the company. If you wanted a demonstration of the portability of finance and funding and its potential flight, there is your demonstration; there is your proof. That is exactly what has happened to these two great iconic Australian companies. Investment, funding, finance and share price have just flown from them. It is further evidence of the complete and utter failure of this government and the complete and utter failure of this minister to support his portfolio.

We know that the union leadership in this country made statements that there should not be any job losses as a result of the carbon tax or they would not support it. This bill is one of the mechanisms that the Prime Minister and the government came up with to try to mitigate against the concern that its own members, union members, had in relation to the management of the carbon tax and the impacts that it will have. How the Prime Minister could make a promise to the union movement that there would not be any job losses in certain industries I do not know, because we have already seen that impact in a number of industries. We have seen Rio Tinto putting their smelters on the market. They want to get out. As they see it, they need to move out of the industry because of the sovereign risk generated by this
completely hopeless minister and his failure to stand up for industry. Although they have been very careful in what they have said, the steel industry knows that the carbon tax is going to have a negative impact on their businesses and potentially on employment.

When you impose on business a cost that does not exist in other jurisdictions—as we have seen with the passing of the carbon tax legislation today—companies will go where the costs are lower. Companies told us that that is what they would do. They told us about the portability of money and investment. Now the pigeons are starting to come home to roost. We have seen the absolute devastation of the share prices of these two companies. How could you as industry minister sit back and watch the share prices of these two companies fall by 66 per cent? There has been $5 billion wiped off the value of these two companies, and the offering in return is $300 million. And that amount was wiped off the value of those two businesses on the day that the announcement was made. It is absolutely absurd that industry should have to deal with this.

We know that the rest of the steel industry—the industry apart from OneSteel and BlueScope—do not qualify under this piece of legislation. There are thousands of steel fabricators all over the country. There is a whole range of other steel based businesses around the country, and 80 per cent of the employment in the steel industry is not covered by this legislation. That is the failure of this minister. He has no understanding about how he has let the industry down.

You can understand why Senator Carr's colleagues are looking at him and questioning his performance as minister, why he is no longer trusted with information within cabinet and why members of the Labor Party sit there with embarrassed looks on their faces during question time. It is because they know that this minister has failed in the industry portfolio, particularly given the boasts and the promises that he made and the rants that he delivered against the Liberal Party and the coalition when we were in government. He was going to be the saviour. He was going to provide vision. He was going to strengthen industry. And so he brings in the steel transformation plan. Well, he has certainly transformed the industry. We have seen 136,000 jobs go under his watch and $5 billion wiped of the share price of two businesses in less than 12 months.

I find the suggestion that this government believes that it is doing the right thing by the industry portfolio completely and utterly ridiculous. This minister has continuously failed to put up any cogent case for his policies. We have seen $1.8 billion ripped out of promises that the government made to the motor vehicle sector. That sector provides business to the steel industry. When you have a continuous reduction in activity right through his portfolio, causing a significant negative impact on the steel industry, you can have no confidence in the capacity of the minister to come forward with some sort of decent policy to support this industry into the future. Because the Prime Minister was under pressure from the union movement not to allow the carbon tax to cause any job losses, this is what they came up with: the steel transformation plan, $300 million over four, five or six years—depending on which Labor Party member you listen to—but potentially spent in one year and one day from the commencement of the legislation.

The real proof of the pudding is in the performance of the share price of the two companies that this package purports to support. On the day that the announcement of this package was made the share price of those two companies combined dropped by the value of the package. In total, since 23...
February, we have seen the value of OneSteel drop from $3.808 billion by $2.53 billion, a fall of 66.43 per cent, and we have seen the value of BlueScope steel go down from over $4 billion by $2.6 billion, a fall of 66.37 per cent. I think that is the clearest demonstration of the complete and utter failure of this minister to carry out his duty as minister for industry. It is the clearest demonstration of the broader impacts that the package of legislation that we passed this morning is going to have. I have said, and industry and investors have told my colleagues and me, finance is portable—it will go where it will get the best return. It will not happen today, it will not happen tomorrow, it will not happen next week, but the passing of this legislation will have an impact on the Australian economy—we know that—and the impact will be the loss of jobs. Those jobs will go, most likely, to lower cost producing countries that have worse environmental outcomes with respect to their carbon emissions, and the efficient businesses, the efficient industries—those that have invested heavily in the efficiency of their businesses and the reduction of their CO₂ emissions—are going to be penalised because they will not be competitive anymore, because we are imposing costs on them that will not be imposed by other countries. We oppose this plan, as we opposed the carbon tax, because if you do not have a carbon tax you do not need to provide compensation. We have said that a number of times throughout this process. But when a minister presides over the loss of over 60 per cent of the value of companies, and transforms an $8 billion business—

(Time expired)

Senator CORMANN (Western Australia) (13:39): President Ronald Reagan once criticised government economic policy as policy which goes along like this: if it moves, tax it; if it keeps moving, regulate it; and if it stops moving, subsidise it. This morning Labor went through stages 1 and 2: they imposed the tax and then they wanted to make sure that things would stop moving, so they whacked on massive regulation. Now we are dealing with stage 3 of that process in bad economic policy, which is to come up with a subsidy to deal with the hurt and the absolutely devastating impact that will come from the first two stages, namely a bad Labor-Greens tax and massive regulatory burdens—which, of course, will make Australia less competitive internationally, will cost jobs, will help steel manufacturers in other parts of the world take market share away from steel manufacturers in Australia and will help higher emitting manufacturers in other countries take market share away from lower emitting manufacturers in Australia. This of course will lead to a shifting of emissions to other parts of the world, where emissions will be higher for the same level of economic output than they would have been had the activity taken place in Australia.

Manufacturing workers across Australia understand this very well. That is why, when the Leader of the Opposition, Mr Abbott, travelled across Australia speaking with workers in manufacturing business after manufacturing business about the impact of this bad and toxic carbon tax on their jobs, they got it. They knew that Labor were imposing a cost on production which was not going to be faced by their competitors in China. They understood that Labor were acting with the Greens to make Australian manufacturing businesses less competitive internationally—and for no reason, because it is not going to lead to a reduction in global emissions. On the contrary, it is actually going to lead to an increase in global emissions. So there they were, manufacturing workers across Australia, being asked to make a sacrifice which they
know, which the Australian Labor Party in their heart of hearts know, which all of us know, will not actually make a difference to the global environment. That clearly was a problem for the Labor Party.

It was also a problem for one particular union boss named Paul Howes, the National Secretary of the Australian Workers Union. As he was travelling behind in the wake of Mr Abbott, as he was travelling from manufacturing business to manufacturing business, he got the very clear feedback from his members that they, along with the overwhelming majority of manufacturing workers across Australia, hate this carbon tax because they know that it will cost jobs, that it will lead to lower real wages—the Treasury modelling tells us so—and that their families will face increased cost-of-living pressures.

You might remember, Mr Acting Deputy President Furner, because I know you are a student of the media on a daily basis, that a few months ago Mr Howes was there on the front page of the Australian, sending a message to his members. But he was doing more than sending a message to his members, he was sending a message to the Prime Minister, whom he helped install just over a year ago. He said, 'If this carbon tax costs one single job I will oppose it.' Some people might ask, 'Who cares what Paul Howes thinks?'—I am sure some people on the inside of the Labor Party would ask 'Who cares what Paul Howes thinks?' I know that the Greens would ask 'Who cares what Paul Howes thinks?' But of course the Prime Minister was in a bit of a bind, because she needed the Greens to be able to hold onto power, she needed to go along with the Greens in pushing the carbon tax—even though she had promised before the last election that there would be no carbon tax—and she needed Paul Howes in order to be able to stay on as leader. The Prime Minister knew that if Paul Howes was going to send a message to Labor members of parliament that they needed to vote against this carbon tax because it was going to cost jobs then she was going to be in a hell of a lot of trouble. And that, of course, is the context for this. This package we are dealing with today is really the price Julia Gillard had to pay to Paul Howes in order to buy his silence. Inadequate as this package is to deal with the damage that will be inflicted on the Australian manufacturing sector through the carbon tax, this is the price that Prime Minister Gillard had to pay so that Paul Howes stopped making comments on the front pages of the newspapers about how bad this tax would be for jobs.

You can understand why Paul Howes was feeling a little bit intimidated: he was following Mr Abbott from one manufacturing business to the next and Mr Abbott was getting standing ovations from workers at those manufacturing businesses because he was standing up for them against this Labor government, which does not care about workers. I walked into these big manufacturing businesses with Tony Abbott and I could not believe it. I have never experienced anything like it—standing ovations from workers for Tony Abbott, because he was standing up for them in the face of a government that does not care and has sold its soul to the Greens political party.

But it was not just Prime Minister Gillard who was in the gun sight of those workers, it was also Mr Howes. Mr Howes at some point is going to be up for re-election as the national secretary of the Australian Workers' Union, and that will happen before Ms Gillard is up for re-election as Prime Minister of Australia—that is, if things go according to plan. One never knows in relation to this. Mr Howes could not ignore what his members were thinking; he could not ignore the fact that his members,
manufacturing workers across Australia, were completely against the carbon tax. They understand that this tax will push up the cost of living, make us less competitive internationally and cost us jobs. He could not ignore it, so he went on the front page of the papers and said, 'If this is going to cost one single job, I will make sure that my members in parliament are going to be against it.'

Can the government give Mr Howes a guarantee that the carbon tax, which was passed earlier today, will not cost a single job? No, of course they cannot. Try as they may to point to the Treasury modelling, that modelling never assessed the impact of the carbon tax on jobs. There has been a lot of dishonest spin, from the Prime Minister down. The Prime Minister, the Treasurer, the Minister for Climate Change and Energy have all dishonestly claimed that Treasury modelling shows that the carbon tax will not have an impact on jobs. They have also said that jobs will continue to grow.

The truth of the matter is that Treasury, at the direction of the government, has included an assumption in its modelling of the impact of the carbon tax that effectively means that the government is assuming that full employment will continue irrespective of a carbon tax. Treasury has included a technical assumption that the so-called non-accelerating inflation rate of unemployment, NAIRU, will remain constant over the long term and will not be impacted by the changes caused by the carbon tax.

Common-sense logic will tell you that that is not the way things work in the real world. Common-sense logic will tell you that if manufacturing businesses in China and other places become more competitive and we become less competitive and manufacturing businesses in China and other places take market share away from us, clearly that is going to have an impact on jobs in Australia. By the same token, common-sense logic will tell you that, for businesses in Australia competing with imports from overseas, if those imports from overseas become cheaper and more cost effective and more competitive because manufacturers in other parts of the world do not face the same cost increases as the manufacturing businesses in Australia will under the Labor-Greens carbon tax, clearly that is going to have an impact on jobs.

Labor of course does not want people—

The ACTING DEPUTY PRESIDENT (Senator Furner): Order! I remind the senator that we are debating the Steel Transformation Plan Bill at this stage. I have been patiently listening to your contribution and I am yet to hear any deliberation or input in regard to this particular bill. So I draw you back to the intent and content of this particular bill.

Senator CORMANN: My contribution is entirely consistent with this legislation because it goes directly to the reason the government has put this forward in the first place. The government has moved to injure, hurt and damage manufacturing businesses across Australia. Then one of Labor's own, the national secretary of a major union that has significant sway with the Labor caucus and with Prime Minister Gillard, because he helped deliver her the leadership numbers, expressed concern about the damage this carbon tax is going to do to manufacturing and the impact it is going to have on jobs. This bill we are debating today is the price that Prime Minister Gillard has to pay in order to buy Paul Howes's silence.

This bill is a very inadequate attempt to avoid damage to Australia's manufacturing businesses. Incidentally, it focuses on only two businesses. This bill provides $300 million in assistance to two businesses: BlueScope and OneSteel. What about all the
other manufacturing businesses that are going to be hurt by Labor's carbon tax? Why is there no assistance for the workers in all the other manufacturing businesses that are going to be damaged by the job-destroying carbon tax that Labor has pushed through this parliament? The reason is that Paul Howes's political problem is his re-election, and the problem is particularly acute in the steel industry, particularly when it comes to BlueScope and OneSteel. That is why we have this piece of legislation in front of us.

This government broke a most emphatic promise not to introduce the carbon tax and it is going to inflict significant damage on workers and working families across Australia. That is why they are introducing this bill. This is the bill which is designed to buy Paul Howes's silence. And Paul Howes has been silent. He has sold out all the other manufacturing workers across Australia. He does not care about manufacturing workers outside of BlueScope and OneSteel, obviously, because he is quite happy for them to cop the full brunt of the Labor-Greens carbon tax. I say to Mr Howes, as I say to every single Labor senator in this chamber: the workers of Australia condemn you for this. Manufacturing workers across Australia will condemn you for what you have done in this chamber today. They will judge you harshly at the next election, because workers across Australia know that you have sacrificed them on the altar of staying in power courtesy of the Greens.

Senator Polley interjecting—

Senator CORMANN: Senator Polley is interjecting. I met with some manufacturing businesses in Tasmania. The owner of a manufacturing business in Devonport was on the front page of the local newspaper saying how this Labor carbon tax was going to cost jobs and how it was going to make him less competitive internationally. You know what happened? The local Labor member for Braddon, Mr Sidebottom, got stuck into his constituent. Instead of arguing the case for his constituency in Canberra, instead of arguing the case for good public policy, instead of standing up for workers, he was selling the Canberra line back in Devonport. He was getting stuck into the local constituent. That is why Senator Polley is jumping up and down now, because the manufacturing workers in Devonport are not getting this assistance, the manufacturing workers in Launceston are not getting protection from this job-destroying Labor-Greens carbon tax. This is a dirty little deal between the Prime Minister, who was desperate to keep Paul Howes sweet, and Paul Howes, who is running for re-election as national secretary of the Labor Party, who could not possibly go and see his members at BlueScope and OneSteel and say to them, 'I have sold you out.' This is a pure numbers game.

Labor know that their carbon tax, which was passed in the Senate today with Labor and Green support, is a job-destroying tax. They know it is a tax which will push up the cost of everything. They know it is a tax which will make Australian manufacturing less competitive. They know it is a tax which will cost jobs. They know it is a tax which will see lower real wages. And all that while emissions continue to grow according to the government's own Treasury modelling. Manufacturing workers across Australia are entitled to ask: 'Why are you picking out these two businesses and giving them special treatment, even though it will not properly protect them from the carbon tax? What about all the other manufacturing businesses across Australia? They are very legitimate questions. The only reason the government has put forward this bill is because Prime Minister Gillard had to buy Paul Howes's silence.
It is very much as President Regan said some time ago on another government's policy on the economy: if it moves, tax it; if it keeps moving, regulate it; if it stops moving, subsidise it. Labor have gone through the three phases in one day. They have taxed. They were worried that would not stop things in their tracks enough, so they regulated. And now here they are going to subsidise in order to fix up some of the mess. This is an inadequate way of fixing up the mess. This legislation will not fix up the mess. This is a cosy little deal for a union boss who got the Prime Minister into her office and who is now important and necessary to keep the Prime Minister in her office.

There is no way that the coalition can be party to something like this. What should happen is that the Labor Party should agree to take their job-destroying carbon tax to an election. If Labor think that this is such a good idea, if Labor think the policy is so good, if Labor think that they can explain to manufacturing workers across Australia why they are asked to make a sacrifice that is not going to make a difference to the environment, then why wouldn't you take it to an election? That is exactly what Labor should be doing. But of course Labor are frightened of the Australian people. They were frightened of the Australian people before the last election, which is why Prime Minister Gillard said, 'There will be no carbon tax under the government I lead,' in order to get across the line. She knew that if she had not said that, chances were that she was going to lose government. And after the election, having made that promise, Prime Minister Gillard was too weak to persist. She was too dependent on the votes of the Greens to cling onto power to do the right thing.

Now we have Senator Conroy come into the chamber, who has worked very hard to avoid the carbon tax debate all day. Senator Conroy made sure that he did not have to vote for this carbon tax this morning. Senator Conroy will be there as leader of the Labor Party in the Senate, hopefully in opposition, and will, along with opposition leader Bill Shorten, vote to rescind the carbon tax after the next election. Let there be no doubt that the next election will be a referendum on this very bad, job-destroying tax. If we win the next election we will rescind it. If there is no carbon tax then there is no need for this sort of mop-up subsidy attempt, which is actually not going to do anything to protect either steelworkers or any other manufacturing workers from the job-destroying impacts of this tax.

We have Senator Carr here, and he knows that this tax which Labor has passed today will make manufacturing businesses in China more competitive than manufacturing businesses in Australia. He knows that higher emitting manufacturing businesses in China will become more competitive than lower emitting businesses in Australia. He knows that as minister for industry he is complicit in making Australian businesses less competitive than higher polluting businesses in other parts of the world. Minister Carr, Minister Wong, Minister Sherry and Minister Ludwig have all sold out to the Greens. The only minister in this chamber who did not sold out to the Greens today was Minister Conroy. We all know that he does not agree with the carbon tax. We all know that he shares our judgment that this is a bad tax based on a lie.

Debate interrupted.

**QUESTIONS WITHOUT NOTICE**

**Carbon Pricing**

Senator **BRANDIS** (Queensland—Deputy Leader of the Opposition in the Senate) (14:00): My question is directed to the Minister representing the Minister for Climate Change and Energy Efficiency,
Senator Wong. On this day of betrayal of the Australian people by her government, will the minister confirm that all of the following facts regarding Labor's carbon tax are correct—that it imposes a price, scope and coverage unmatched by any country in the world and that, on the government's own modelling, electricity prices will rise initially by at least 10 per cent, gas prices will rise initially by at least nine per cent, three million Australian households will be worse off and emissions in Australia will still be higher in 2020 than they are now?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:00): I am very pleased to take the question on the legislation that was voted on prior to question time. It was a long time getting here. It is an important Labor reform, consistent with the Labor tradition of reform that recognises that the securing of jobs and Australian prosperity has always required reform of the economy. That is what has happened today.

I am asked about some of the so-called factual assertions from the other side. The facts are almost unknown to those opposite. We have had a fear campaign over months and months—'The sky is going to fall in; the coal industry will shut down.' Meanwhile there is more and more money being invested in mining and there is more and more investment in the pipeline. The reality is that we can increase the number of jobs in this country, we can grow our economy, we can grow our incomes and we can put in place a carbon price. That is what Treasury has told us. That is what, in fact, Treasury told Mr Howard when he agreed, for the same sorts of economic reasons, to put a price on carbon and went to the 2007 election with a commitment to an emissions trading scheme.

We have seen question after question—and I have no doubt they will continue it again today—from the other side full of factual inaccuracies and misleading information. They simply cannot deal with the fact that sometimes you need to reform. They do not like that word on that side. The only reform they want is a ripping away of wages and conditions of Australian workers. That is the only reform those on the other side know. There was a time when the Liberal Party was more reformist. It appears that is now past.

Senator BRANDIS (Queensland—Deputy Leader of the Opposition in the Senate) (14:03): Mr President, I ask a supplementary question. Can the minister name a single senior official in either the United States administration or the Canadian government—just one—who believes there will be an economy-wide carbon tax in either of those two countries by 2016, as the government's own modelling assumes?

Honourable senators interjecting—

The PRESIDENT: When there is silence on both sides we will proceed.

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:03): I am asked about international action. I did not hear the last part of the question because of some of the interjections, but I think it was reprising—

Senator Brandis: Mr President, I rise on a point of order. I can repeat the question for the minister. Name just one—

The PRESIDENT: No, that is not a point of order.

Senator WONG: I think there was a reprising of the inaccuracy about the modelling assumptions which formed the same set of questions yesterday. I have already responded to that. The opposition are very keen to mislead people about what is
contained in the Treasury modelling and the assumption about international action.

But on international action I will note that Mr Abbott has gone to a Conservative talk thing in the United Kingdom. It is an interesting way to deal with your blood oath of opposition to the carbon price that was passed today—beating your chest overseas. It is very interesting. (Time expired)

Senator BRANDIS (Queensland—Deputy Leader of the Opposition in the Senate) (14:05): Mr President, I ask a further supplementary question. The minister is unable to name a single American or Canadian official who believes that there will be an economy-wide carbon price in their countries by 2016. If Labor are so committed to the merits of this carbon tax, why do they lack the courage to test its merits by taking it to the people, just as John Howard took the GST to the people?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:06): I remind Senator Brandis that he went to the 2007 election advocating an emissions trading scheme, something he then ignored. Whilst I am on the point of international action from the previous question that I did not get through, I will say this. Perhaps while Mr Abbott is in the United Kingdom he might want to talk to a Conservative who actually understands, just as Mr Howard once did, the importance of pricing carbon. He might want to talk to Prime Minister David Cameron.

The reality is that those on the other side have abandoned any pretence of economic responsibility and economic credentials. Their policy makes no sense, will not do anything and will put more cost on Australian business and Australian households for the same environmental outcome. That is the coalition's policy. The reality is that they have no policy credentials on this issue whatsoever.

Carbon Pricing

Senator CAMERON (New South Wales) (14:07): My question is to the Minister representing the Minister for Climate Change and Energy Efficiency, Senator Wong. Can the minister advise the Senate how this parliament has moved from words to action in creating a clean energy future for the nation? How does this reform cut pollution and help keep our economy strong?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:07): I thank the senator for his question and for his ongoing interest in the importance of action on climate change, unlike those opposite. Today is a historic day for the parliament with the passage of the government's clean energy legislation, legislation that will ensure we cut our carbon pollution but, most importantly, that we drive new investment—that we give that signal to investors to invest in the clean energy sources of the future like natural gas, wind and solar power. For the first time we have put a price tag on pollution in this nation, and I suspect that, in years to come, people will wonder why it was that it was so controversial to do something as sensible as saying, 'We want to put a charge, a price, on pollution.' It is such an obvious thing to do if you want to reduce pollution and you want to move to a clean energy economy.

The government's package will deliver tax cuts, higher family benefits and increases in the age pension and other pensions and benefits—all things which are opposed by the opposition. This is an important reform that will deliver environmental benefits for today and for tomorrow but, most importantly, transform our economy for today and tomorrow, building the clean
energy economy of the future and the clean energy jobs.

As the world moves to increasingly paying a premium for low-carbon goods and services, this was and is an important reform to ensure Australia is not left behind in developing those technologies, those services, those clean energy industries that are the way of the future. So it is a good day today, a day on which a historic reform has been passed by this parliament—a reform that has been a long time coming, from Mr Howard through to today. This was an important vote. (Time expired)

Senator CAMERON (New South Wales) (14:09): Mr President, I ask a supplementary question. Can the minister explain to the Senate how putting a price on carbon pollution will reform Australia's economy, build our future prosperity and strengthen our international competitiveness?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:09): As I have said, Labor understands that securing prosperity today and tomorrow has always required reform and has always required change. As former Prime Minister Keating remarked earlier this year—

Opposition senators interjecting—

Senator WONG: the pricing mechanism is part of the Labor tradition of change, the Labor tradition of the adaptation of the economy. Those opposite laugh and sneer, but what we know is: when there are significant economic challenges, whether it be pricing carbon or other, those opposite will have no answer. They have no answer when it comes to pricing carbon. They have no answer on the patchwork economy. Their only answer is no. Look at the patchwork economy response from the opposition: these are the people who want mining companies to pay less tax and other businesses, including small business, to pay more tax. And they say they are pro manufacturing jobs! There is an absence of economic reformism on that side of the chamber. (Time expired)

Senator CAMERON (New South Wales) (14:11): Mr President, I ask a further supplementary question. Can the minister outline to the Senate why this afternoon's vote was crucial? How does it build on nearly two decades of inquiries, discussions and debates?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:11): People will recall the many occasions on which this chamber, in its committees and in here, has debated the issue of pricing carbon. This country has gone through some two decades worth of consultation. We have worked with industry and with environment groups; there has been negotiation, and many years of scientific work and inquiry. Today's vote represents, I think, a clear divide in Australian politics between those who are focused on the past and those who look to the future, those who are optimistic and look ahead and those who are mired in the fear campaigns of today, those who want action on climate change and those who have always been more comfortable with the sceptics. Really, underlying the policy position of the other side is that they just do not want to accept that the science is real, and they never have.

Carbon Pricing

Senator CORMANN (Western Australia) (14:12): My question is to the Minister representing the Minister for Climate Change and Energy Efficiency, Senator Wong. Given European carbon permits are currently trading as low as $8.70 per tonne, with up to 100 per cent protection for emissions intensive and trade exposed industries in the European scheme, why is the Gillard government pressing ahead with the $23 per
tonne carbon tax, rising to $29 per tonne in 2015, which will push up the cost of living for Australian families by more than the European scheme, which will make Australian businesses less competitive than businesses under the European scheme and which will cost jobs—and all of that without doing anything to reduce global greenhouse gas emissions?

Honourable senators interjecting—

The PRESIDENT: Order! When there is silence on both sides we will proceed. I remind honourable senators that the time for debating this is at the end of question time.

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:13): Senator Cormann makes an assertion around costs and families, and I respond in this way. What will push up the costs for families is the rolling back of the tax cuts we are giving, the rolling back of the family tax benefits we are giving, the rolling back of the pension rises we are giving, the rolling back of the allowances we are giving and the rolling back of the tripling of the tax-free threshold, which we know will deliver tax cuts to all Australians earning under $80,000 a year. The harsh reality, which appears to have meant that Senator Cormann got rolled in relation to his position on superannuation, will I suppose at some point occur to the opposition party room—that they are locked, because of their blood oath, into a position where they will have to tell Australians they want them to pay more income tax, they want lower pensions, they want lower disability support pensions and they want lower family tax benefit. All of those things are linked to the package of bills just passed today which they have committed to rolling back.

So, if the opposition think they have got a problem when it comes to superannuation, the same problem will arise when it comes to the carbon price assistance package, because inbuilt in that package is an ambitious tax reform element, an ambitious tax reform package, which will triple the tax-free threshold—a tax cut for every person in Australia earning up to $80,000 a year. It is all to be rolled back by Mr Abbott—that is part of the blood oath. Pension increases are to be taken away from aged pensioners—that is part of the blood oath. Disability support pension increases and carer allowance increases—all to be taken away by Mr Abbott. That is part of your blood oath. This is the problem when all you can do when it comes to policy is say no. This is the position in which you find yourself.

Senator CORMANN (Western Australia) (14:15): Mr President, I ask a supplementary question. Given that the so-called compensation measures that the minister just talked about are to be funded from carbon tax revenue, what compensation measures will the Gillard Labor government have to scrub to keep the carbon tax package broadly budget neutral if the carbon price collapses to $15 a tonne in 2015, the lowest level allowed under the Labor-Greens scheme when it becomes an ETS? Given that the price in Europe is $8.70 now, that is obviously a question that I hope the minister has thought about.

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:16): Senator Cormann asking me about budget neutrality! How embarrassing, after Senator Cormann was rolled by his party and rolled by his leader. It appears that not only are Senator Cormann and Mr Robb grouchy but also Ms Bishop is grouchy, with it being said, 'Julie said this is another hit on the bottom line.' Well, it is. It is very embarrassing, I know, Senator.

Senator Ian Macdonald: Mr President, on a point of order—I should not even need
the call: how can you possibly accept that this minister is being directly relevant when all she has done so far is attack the questioner. I refer you to the standing order requiring direct relevance and ask you to either get the minister to answer it or sit her down—and you have power to do that, Mr President.

The PRESIDENT: The minister has 37 seconds remaining to answer the question. I draw the minister's attention to the question.

Senator WONG: I am making the point about budget neutrality, which is one of the assertions that Senator Cormann made. Senator Cormann comes in here to talk about budget neutrality. He has an unfunded scheme that will cost $1,300 per year per Australian household, and he calls himself one of the economic spokespeople. What a joke! At least Mr Robb was excluded from the meeting.

Senator Cormann interjecting—

Senator WONG: I guess they thought you were easier to roll.

Honourable senators interjecting—

The PRESIDENT: Order! On both sides, I have got noise. I am not proceeding. When there is silence on both sides I will hear Senator Brandis.

Senator Brandis: Mr President, a point of order on the question of direct relevance: with nine seconds to go on a question about compensation, the minister has done nothing other than ridicule the opposition in relation to other areas of policy. It might be a pretty speech, but it has nothing whatsoever to do with the question.

The PRESIDENT: Senator Brandis, I have drawn the minister's attention to the question. The minister has nine seconds remaining to answer the question.

Senator WONG: Consistent with Treasury advice and with the Charter of Budget Honesty, the government has released the detailed analysis showing the budget impact over the forward estimates. I invite the opposition to do the same.

Senator CORMANN (Western Australia) (14:19): Mr President, I ask a further supplementary question. Why is the Gillard Labor government so proud to have pushed through the parliament the world's biggest carbon tax, which will hurt household budgets, which will make Australian businesses less competitive than businesses across Europe, China, the US and many other places across the world and which will just shift jobs and emissions overseas?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:19): That is a range of assertions which are not correct. The reality is, as Treasury has advised us, we can increase the size of the economy, we can grow the economy, increase the number of jobs in Australia, increase our incomes and put in place a carbon price to ensure that emissions fall from what they otherwise would be. I know Senator Cormann does not like to hear the facts in this debate. I know he wants to simply come in and run the same set of diatribe that we heard in that question. That has been the consistent position since Mr Abbott took over. There is no policy on the other side. The only policy they have—and this is what is extraordinary—is a policy that is supposed to achieve the same environmental outcome at a higher cost to business. What would that do for jobs? It would put more costs on the back of Australian business. That is what your policy would do. There would be more costs on business. (Time expired)

Forestry

Senator RHIANNON (New South Wales) (14:20): I direct my question to the Minister for Agriculture, Fisheries and Forestry. Considering that a Supreme Court
decision last year stopped VicForests from logging old growth forest at Brown Mountain in East Gippsland because of threats to the endangered long-footed potoroo, the tiger quoll and various frog species, the Victorian government is proposing to change the Code of Practice for Timber Production to allow logging projects to be exempt from the requirements of its Flora and Fauna Guarantee Act, which protects endangered and threatened species. Will you act to stop the Victorian government from changing the timber production code, considering the federal government's responsibilities to protect endangered species and preserve biodiversity?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:21): I thank Senator Rhiannon for her question. I know the extent of the Department of Agriculture, Fisheries and Forestry is quite broad, but it does not extend so far as to indicate to Victoria. We do have RFA, regional forestry agreement, processes in place to support the timber industry, to ensure that it remains competitive and to ensure that it remains viable. My role in all of that is to ensure that the timber industry remains competitive. In terms of the issues around the environment, it is true to say that even within my portfolio we remain committed to ensuring that we meet all the environmental legislation that is available to us. Minister Burke has responsibility for the environment, under the EPBC Act. If there are areas which require significant protection they would generally fall under Minister Burke's requirement to act. I am not appraised of whether or not the issues surrounding the frogs in Victoria would fall within that ambit. I can take advice. In this instance it would be from Minister Burke rather than from my department, but I will also check within my portfolio as to whether there are issues that would fall within the responsibility of the Victorian government. It does seem that that is a matter for the Victorian government. They have their own strong environmental legislation. I am positive they also have a forestry portfolio that covers the interests of workers and ensuring that the timber industry remains sustainable into the future.

Senator RHIANNON (New South Wales) (14:23): Mr President, I ask a supplementary question. Minister, you made reference to the RFAs. Considering that the agreements rely on the states protecting endangered species, if Victorian endangered species legislation no longer applies fully to logging areas, how will this impact on the RFA process?

Senator LUDWIG (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:24): I thank Senator Rhiannon for her question. Regional forestry agreements are the primary mechanism for ensuring sustainable management which seeks to balance outcomes covering economic and social matters and the environment, including biodiversity and heritage issues. They are 20-year agreements between the Australian government and the states. They exist in New South Wales and Victoria. In Victoria they sought to ensure there was an independent reviewer's report, which was tabled on 28 September 2010. So they are going through that process of ensuring that the regional forestry agreements do what they set out to achieve—that is, economic, social and environment outcomes. They do continue to be reviewed to make sure that they maintain their continued responsiveness to those issues and, of course, that they meet
the requirements of the first and second five-yearly reviews of the five Victorian regional forestry agreements. *(Time expired)*

**Senator RHIANNON** (New South Wales) (14:24): Mr President, I ask a further supplementary question. Minister, considering that the balance you speak about, between jobs and the environment, clearly has not been achieved, will you acknowledge that there has been a failure of the regional forestry agreements, and commit to move from industrial logging of native forests to plantation resources as a way to protect jobs and to also protect our biodiversity?

**Senator LUDWIG** (Queensland—Minister for Agriculture, Fisheries and Forestry, Manager of Government Business in the Senate and Minister Assisting the Attorney-General on Queensland Floods Recovery) (14:25): We seem to have got to the nub of the issue. The federal government and the states that have signed up to regional forestry agreements are all strong supporters of regional forestry agreements. They are the primary mechanism to ensure that we continue to have a sustainable management which provides that balance for issues which go not only to the environment, including the biodiversity, but also those economic issues and the social issues that surround them. There is a five-yearly review of each of those agreements in place. So Victoria has five separate RFAs in process, and they are reviewed. We received, in September, the five-yearly review in respect of the RFA.

I disagree with the import of your question. This government and the Victorian government and the other states and territories highly value regional forestry agreements as a means of ensuring we strike the appropriate balance.

**Carbon Pricing**

**Senator JOYCE** (Queensland—Leader of The Nationals in the Senate) (14:26): Mr President, my question is to the Minister representing the Minister for Climate Change and Energy Efficiency, Senator Wong. I refer the minister to chart 3.42 of Treasury's modelling of the Carbon Pollution Reduction Scheme, which shows that as a proportion of their income Australians in regional New South Wales spend 25 per cent more on electricity and gas than those in Sydney, Australians in regional Victoria spend 30 per cent more than those in Melbourne, and Australians in regional Queensland spend six per cent more than those in Brisbane.

Why is the Gillard Labor government making it harder for Australians to live in regional Australia by increasing their electricity bills even further through the world's biggest and most stupid anti working-family carbon tax.

**Senator WONG** (South Australia—Minister for Finance and Deregulation) (14:27): Unsurprisingly, I do not have the modelling from the Carbon Pollution Reduction Scheme to hand, so I am not going to agree with the assertions that are in there. What I would say in relation to any increase in electricity prices—and the government has said there will be an increase in electricity prices—is that the government is also putting forward a package of reforms to tax, family benefits and pensions, amongst other things, to ensure that working families receive appropriate assistance to manage the impact of a carbon price, including on electricity. That is assistance, I might say, Senator Joyce has signed up to reversing.

In relation to regional Australia I would invite the senator to look at the last budget, where we put out regionally specific information about the spending that the government is putting in place, particularly in relation to hospitals, as well as education and infrastructure. What you will see—it is an embarrassment to the National Party—is
that this government is investing more into regional Australia than ever occurred under the coalition. That is even before we include the National Broadband Network, which is an investment in regional Australia.

What people will see in the months and years to come is that Senator Joyce prattled on a lot—talked a lot—about regional Australia but did not really deliver for them. People will see that he certainly never delivered for them in the way in which this government delivered for regional Australia. It is very embarrassing, I think, for the National Party; unsurprisingly, they had to put out the coal seam gas discussion thing—

Senator Sherry: Blue paper.

Senator WONG: They had to put out a blue paper— I am not sure what a blue paper is!—to try and differentiate themselves.

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (14:29): Mr President, I ask a supplementary question. I am aware, Minister, that apparently by 20c per week. But the question is, of course: with the extrapolative increase of the cost in regional Australia, is this 20c a week going to be enough to cover people in regional Australia? If it is, can you please show us the proof and what conclusions you base that proof on?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:30): Senator, the Treasury modelling goes through the whole-of-economy impact and looks at different household types. Cameos are available, from my recollection, from the Treasury website about how different household types are assisted. We are talking about a cost-of-living impact of some 0.7 per cent of the consumer price index. That is significantly smaller than that which occurred when the GST was put in place, which was 2.5 per cent of CPI.

I thank the senator for his concession that some families will be better off, even if he says it is only by 20c a week; I think that is the first time he has conceded that. I would point out that that is obviously an average impact. We have targeted unashamedly the assistance to lower income Australians, to people on lower incomes—to pensioners, disability support pensioners and people earning less than $80,000 a year. So people, regardless of where they live, will get that assistance. (Time expired)

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (14:31): Mr President, I ask a further supplementary question. Minister, I did not say they would be better off; you said they would be better off. They will be worse off.

The PRESIDENT: It is not time to argue—go to the question.

Senator JOYCE: Given the modelling shows that the hardest hit areas from the Gillard Labor government's carbon tax will be regional Australia, because that is where the mining, the manufacturing and the agricultural jobs are, what has the government got to hide by not releasing any modelling of the impact of a carbon tax on regional Australia? Why won't you be upfront and at least answer one question, something which you have not done thus far?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:32): The assertions, again, in the question are incorrect. The senator continues to suggest that, for example, the mining industry is going to be somehow damaged or killed by this carbon price.

Senator Ian Macdonald: Why don't you ask the mining industry?

Senator Cameron: They're too busy investing!
Senator WONG: Senator, why don't we have a look at what the mining industry are investing, have a look at how the investment has grown year on year over the last three years, in the context of a debate around a price on carbon. I would probably have a look at where the hard cash is, where the numbers are, rather than rely on Senator Joyce telling everybody that mining was going to—

Senator Joyce: Mr President, I rise on a point of order. It is on relevance. The minister could answer the question by answering it and just releasing the modelling.

The PRESIDENT: There is no point of order. The minister has 19 seconds remaining.

Senator WONG: We have released an enormous amount of modelling. The reality is no amount of modelling released by the government will ever alter the position of those opposite, and they should stop pretending to people that they actually care what the modelling says. The modelling says we will have more jobs. The modelling says we will have a bigger economy. (Time expired)

Carbon Pricing

Senator GALLACHER (South Australia) (14:33): My question is to the Minister for Innovation, Industry, Science and Research, Senator Carr. Can the minister respond to claims that Australia's manufacturers have no place in a low-carbon economy?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:33): I thank the senator for his question. I just indicate to the Senate that, far from seeing the low-carbon economy as a threat, I take the view that this is an enormous opportunity—an enormous opportunity to modernise manufacturing, to refocus manufacturing and to generate jobs for Australian manufacturing. The government is absolutely committed to ensuring we are able to modernise industry in such a way as to produce jobs. The government is committed. This government is committed, as we have seen by carrying the legislation today, to a comprehensive package of measures not just to assist households and communities but to assist industry, to assist workers and to assist regions and to ensure that, through the Clean Energy Future package there is some $20 billion worth of assistance so that our industries are able to modernise, are able to front up to the challenges of the 21st century and are able to secure the jobs for the period ahead.

Our job is to work with manufacturing, and we will. This government will be working with manufacturing to ensure that we have the ability to face up to these challenges squarely. There are phenomenal opportunities. Rather than being a threat, this is a huge opportunity to put Australia at the forefront of economic modernisation. To ensure that we are able to seize these opportunities, the government has provided $20 billion worth of assistance.

Those opposite that campaign against these measures have to also come clean and say they are prepared to withdraw $20 billion worth of assistance from Australian industry, from Australian workers and from Australian jobs. What we have seen here— (Time expired)

Opposition senators interjecting—

The PRESIDENT: Order! When there is silence, we will proceed.

Opposition senators interjecting—

The PRESIDENT: Order! On my left: when there is silence, we will proceed.

Senator GALLACHER (South Australia) (14:36): Mr President, I ask a supplementary question. Is the minister confident that Australia's scientists and
researchers are ready to support manufacturers in this challenge?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:36): Absolutely. Universities and research agencies are right on the front line in terms of assisting industry to deal with these great transformations that are facing this country. Scientists in Australia and researchers in Australia can look to the government for a 43 per cent increase in the level of support for science and research. The CSIRO and all our major science agencies can look to this government for a level of support unparalleled in the history of the Commonwealth. We understand just how important science and research is to develop the capabilities to ensure that we have those high-skill, high-wage jobs in this country, so that we can modernise our firms, so that we can—

Senator Abetz: What about Coogee Chemicals?

Senator CARR: If you want to talk about a chemical company in Victoria, get your facts, Senator Abetz, get your facts! What you are repeating is the ignorance peddled by sections of the press. You are only too happy to peddle fear. You are not interested in blue-collar workers, you are not interested in the future—(Time expired)

Senator GALLACHER (South Australia) (14:37): Mr President, I ask a further supplementary question. What evidence can the minister provide to the Senate to justify his claims about the commercial potential of clean technology?

Senator CARR (Victoria—Minister for Innovation, Industry, Science and Research) (14:38): I am pleased to direct the senator’s attention to the Commercialisation Australia grants I have announced this week. These are grants that back up people who want to back themselves. They confirm that Australians are willing to invest in themselves and they are willing to ensure that they have a stake in the future. Green Distillation Technologies from New South Wales is one example. They are building a pilot plant to turn old tyres into oil, carbon and reclaimed steel. Theirs is the sort of technology looking to ensure that we are able to reduce Australia’s dependence on oil imports. We see the sort of technology that gets old tyres out of landfill and into more productive use. That is the sort of message that we want to sell to the world.

I know there are some ignoramuses on the other side of the chamber who are not interested in science, not interested in economics, not interested in facing up to the challenges of the 21st century. But the sort of knuckle dragging that we have seen—(Time expired)

Carbon Pricing

Senator McKENZIE (Victoria) (14:39): My question is to the Minister representing the Minister for Climate Change and Energy Efficiency, Senator Wong. I refer the minister to the $200 million Regional Structural Adjustment Assistance Package for affected regions under the Gillard Labor government’s carbon tax. Can the minister confirm what modelling has been undertaken by the government to ensure that the $200 million allocated to the assistance package will be enough to assist all regions and communities affected by the negative impact of this carbon tax?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:39): I thank the senator for her question. It deals to a great extent with the same issues that her colleague asked previously. As I have explained, the government has put in place a very significant set of assistance whereby nine out of 10 households will receive some assistance through tax cuts or
payment increases; about two out of three households will get payments or tax cuts that cover their entire average impact; and about four million households will get an extra buffer with assistance that is at least 20 per cent more than the average price impact.

In addition, there are a range of benefits and opportunities for regional Australia under the package. The Carbon Farming Initiative will enable farmers to benefit. Obviously the carbon price does not apply to agricultural emissions, but there are opportunities through the Carbon Farming Initiative. We are also investing, as the Senate would know, to unlock the potential of clean energy in our regions in solar, in wind, in geothermal—all investments that are about clean energy jobs.

In addition, there are some $4.3 billion of investments in regional Australia in the 2011-12 budget. Let us just pause for a minute to recognise that: $4.3 billion investments in regional Australia—

Senator McKenzie: Mr President, I raise a point of order on relevance. I specifically asked about the Regional Structural Adjustment Assistance Package. It is on page 59 of the Securing a clean energy future. I wanted to ask about the modelling that had been done to ensure that $200 million was going to be enough to cover those regions that are acutely affected by the carbon tax.

The President: There is no point of order. I believe the minister is answering the question. The minister still has 42 seconds remaining to address the question.

Senator Wong: It is a little embarrassing, isn't it, because there is so much assistance to regional Australia that this government is providing. They do not want to hear about the budget and the investment in hospitals and schools in regional Australia. I thought you represented regional Australia, Senator. Don't you want to hear about the investments there? You want to just ignore them. You want to pretend that this is a carbon price that is being put in without regard whatsoever to over $4 billion being invested in regional Australia—

Senator Joyce interjecting—

Senator Wong: Funding that you never could get, Senator Joyce. I do not know whether you have got something wrong with your neck—there is some very strange movement. You could never get that when you were in government for your constituents.

Senator McKenzie (Victoria) (14:42): Mr President, I ask a supplementary question. Can the minister outline the criteria that would define those regions that have experienced 'acute impact' as a result of Labor's carbon tax? Given the impact of a carbon tax on the dairy industry, for example, will those regions reliant on that industry be able to access this assistance and this package?

Senator Wong (South Australia—Minister for Finance and Deregulation) (14:43): There is $200 million of structural adjustment assistance that is available, as the senator says, to support regions that remain strongly affected by the carbon price. This is over and above the very significant assistance that I was going through earlier. I understand this is to be delivered by Mr Crean, but I will check that that is the case and come back to the Senate if that is not correct. I will provide more information. Obviously the bills were passed today, so I am not sure we would have done guidelines on funding in the last hour and a half or couple of hours, but I will certainly come back to the senator if there is—

Opposition senators interjecting—

The President: Senator Wong, ignore the interjections. They are disorderly.
All you need to do is address the question that has been asked.

Senator WONG: I can understand why the Liberal Party is so embarrassed by the National Party. It really has been a very uninspiring contribution in this whole debate. I will come back to the Senate and the senator if there is further information in relation to the guidelines subsequently.

Senator McKENZIE (Victoria) (14:44): Mr President, I ask a further supplementary question. How does the government plan to monitor the impact of its carbon tax on regional Australia so the assistance package that my questioning has been about can be provided directly to communities in regional Australia? Can the minister guarantee that no Australian who lives in the regions will be worse off as a result of the Gillard Labor government's carbon tax?

Senator WONG (South Australia—Minister for Finance and Deregulation) (14:44): I just indicate that I believe that this is a matter that Minister Crean will administer, but I will confirm that. I understand that, in the course of administering this program, there will be monitoring of regional impacts to identify those regions which may require assistance in addition, if I may say, to the comprehensive assistance which is provided through the Jobs and Competitiveness package and the Energy Security Fund. So there is a lot of assistance in place.

I am asked about guarantees. What I would say is this: the senator is actually in a position to guarantee that she will impose a higher cost on the people who elect her. That is the position of the National Party and the Liberal Party. Their policy will, in fact, cost the people who elect them more. To achieve the same environmental outcome, you will have to tax people more and you will have to take back tax cuts and pension increases that the government is funding through pricing pollution.

Australia Network

Senator LUDLAM (Western Australia) (14:45): My question is to the Minister for Broadband, Communications and the Digital Economy. Minister, will you acknowledge that the decision to put the Australia Network out to tender in the first place was a mistake? Will the minister ensure that the service which belongs properly with a well-resourced national broadcaster is not opened for tender again?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:46): I thank Senator Ludlam for his ongoing interest. The Gillard government is extremely disappointed that the tender process was compromised by leaks. This was a significant commercial contract involving up to $223.1 million of taxpayers' money and it was important that both cabinet and the general public could have confidence in the process. This is why the Gillard government has called in the Australian Federal Police.

Honourable senators interjecting—

The PRESIDENT: Order! When there is silence on both sides we will proceed. Senators on my right and my left, I am waiting for order so that Senator Ludlam can hear the answer.

Senator CONROY: I was saying that this is why the Gillard government have called in the Australian Federal Police to investigate the leaks which have necessitated the termination of the tender process. I would like to emphasise that at all times the government has acted within the terms and conditions of the tender process. The Australia Network is a core element of
Australia's overseas broadcasting network and a major public diplomacy platform. It makes a significant contribution to the promotion and protection of Australia's national interests.

On 23 November 2010 the government announced it would put out the Australia Network to open tender for a 10-year contract. The contract was for a maximum of $223.1 million, excluding GST, which represented the current contract cost of $94.2 million over five years, with an adjustment for inflation. The request for tender was released on 4 February and closed on 25 March 2011. On 24 June 2011 the government announced an extension to the tender to ensure the national interest would be addressed more broadly. Among these changes were the importance of key emerging markets on the global economy, significant political transformation occurring across the Middle East and North Africa, and the need—

Senator LUPLAM (Western Australia) (14:49): Mr President, I ask a supplementary question. I thank the minister for a series of detailed answers to questions that I did not ask. I will try another tack. Does the minister intend to provide—

Opposition senators interjecting—

Senator LUPLAM: What is with the shrieking? Does the minister intend to provide a report on the shambolic tender process to the parliament so that the public can be confident that due process has been followed?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:49): The need identified during a recent consular crisis is for strengthened information services. Both tenderers were given an equal and reasonable opportunity to respond to the additional criterion. At that time, cabinet also decided to appoint me as the approver and that the decision should be referred for cabinet consideration. The amended request for tender closed on 27 July 2011 and on 17 October an article appeared in the press which contained significant leaks of information from the tender process. On 27 October the Secretary of the Department of the Prime Minister and Cabinet wrote to the Australian Federal Police requesting an investigation into the leaks. As a result of the leaks, the government sought advice from the Australian Government Solicitor who indicated there is a possibility that the current process may in some way be tainted or corrupted such that it is not possible that a fair and equitable outcome can be achieved. The advice went on to say that it was open to the government to decide—

Senator LUPLAM (Western Australia) (14:51): I will ask the minister to take the questions on notice. Mr President, I ask a further supplementary question. Does the government intend to provide a statement to parliament as to the process that was followed? Will the minister commit to letting the ABC run the service in perpetuity and fund it adequately to deliver an ABC world service of which all of us can be proud?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:51): As I was saying, the advice went on to say it was open to the government to decide to terminate the tender process on public interest grounds on the basis that a fair and defensible tender process outcome may now not be able—
Senator Ludlam: Mr President, I rise on a point of order in terms of relevance. The minister is simply reading from a prepared statement that was written well before I asked my questions. I would ask him to address the specific questions.

Honourable senators interjecting—

The PRESIDENT: Order on both sides! I am trying to listen to Senator Ludlam and it is very hard when you are interjecting. Start again, Senator Ludlam.

Senator Ludlam: Mr President, I just seek you to direct the minister to answer the questions that I have actually asked. That is all I am seeking.

Honourable senators interjecting—

The PRESIDENT: You are chewing up question time.

Senator Ludwig: Mr President, on the point of order: the minister could not be more directly relevant to the question. The minister is making a statement to parliament. He is taking the Senate through the steps and explaining the process quite thoroughly. If those opposite, including the Greens, did listen to Senator Conroy, they would find he is taking us through this circumstance in great detail.

The PRESIDENT: I believe the minister is answering the question. The minister has 48 seconds remaining.

Senator CONROY: As I was saying, the advice said it was open to the government to decide to terminate the tender process on public interest grounds on the basis that a fair and defensible tender process outcome now may not be able to be achieved. The government will now consider the full range of options for the awarding of this contract and will make a decision no later than March next year. As I have said, the government is extremely disappointed that these leaks have occurred and that the tender process has been compromised. However, the government has taken the decision that it is in the public interest that the process be terminated. Put simply: it is no longer possible to be certain what each bidder knew about their rival’s bid. This decision has not been taken lightly, but the government acted on the legal advice it had received from the Australian Government Solicitor. (Time expired)

Australia Network

Senator BIRMINGHAM (South Australia) (14:54): My question is also to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. I ask the minister specifically: what information, either in the 17 October media article or in other published articles regarding the Australia Network tender process, contained in these leaks actually necessitated the axing of the tender process? Did this information actually advantage one of the tenderers and, if so, how? Minister, will the advice you referenced from the Solicitor-General on this matter be publicly released and tabled?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:54): I thank Senator Birmingham for his interest in the issue. As I was saying, the decision has not been taken lightly, but the government acted on the legal advice it had received from the Australian Government Solicitor. The government has asked the ABC to continue delivering the service until August 2012 while the government resolves the long-term contractual arrangements. The government will now undertake a fresh consideration of the Australia Network service and how best to deliver it to regions in our field of interest. We will consider the full range of options at
our disposal. As I said, the government will make a decision by no later than the end of March next year.

The government received the advice that the tender had been potentially compromised and decided to act accordingly to terminate the tender process. We believe it is the right decision in the national interest and in the interests of both bidders. The tender process has been cancelled and is now the subject of an AFP investigation. I am not in a position to comment any further on that ongoing AFP investigation. I am not in a position to say more than that while the investigation is under way.

To the point that has been raised—and I think Senator Birmingham also added this in the series of questions he asked—the first reports concerning the details of the tender process contained significant inaccuracies, which did not justify a referral to the AFP for investigation. You only need to look at the story written by Mark Day, as he gleefully pointed out the inaccuracies of the earlier report, to understand that the earlier report did not—(Time expired)

Senator BIRMINGHAM (South Australia) (14:57): Mr President, I ask a supplementary question. Was any of the leaked information that you determined warranted cancellation of the Australia Network tender officially provided to the tenderers? If not, does the minister acknowledge that the only possible source of the leaks was from within the government?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:58): The hypocrisy of those opposite—the absolute hypocrisy of those standing over there with a straight face demanding that legal advice—(Time expired)

Senator BIRMINGHAM (South Australia) (14:57): Mr President, I have further supplementary questions. Like Senator Ludlam, I will ask some other questions and hope to get an answer on this occasion. Firstly, I again very directly ask the minister: will you release the advice from the Solicitor-General that you have referred in the Senate today with regard to the cancellation of this tender? Secondly, will you now support the longstanding calls from the coalition for this farcical tender process to be investigated by the Auditor-General?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity) (14:58): The hypocrisy of those opposite—the absolute hypocrisy of those standing over there with a straight face demanding that legal advice—(Time expired)

Senator Brandis: Mr President, I rise on a point of order.

Honourable senators interjecting—

The PRESIDENT: Order! Senator Brandis is entitled to be heard in silence.

Senator Brandis: Mr President, my point of order is on the question of direct relevance. The minister has used the first quarter of the time available for his answer merely to ridicule the person who asked the question and to ridicule the opposition. He was asked a specific question about the tender process. He was asked a specific question about how the government proposes to proceed from here. He was asked whether or not the Solicitor-General's advice would be made public. He has not approached any of those matters and you, Mr President, should direct him to the question.
The PRESIDENT: There is no point of order. The minister has 45 seconds remaining. I believe the minister is addressing the question.

Senator CONROY: As I was saying, the hypocrites opposite who consistently—

The PRESIDENT: You will need to withdraw that.

Senator CONROY: I did not have to withdraw it a moment ago, but okay.

The PRESIDENT: You will withdraw it.

Senator CONROY: If you say so. If they were hypocrites before but not now, it's okay! But I withdraw unreservedly.

Senator Brandis: Mr President, I rise on a point of order.

The PRESIDENT: No. There is no point of order. Senator Conroy, you have 41 seconds remaining.

Senator CONROY: Those opposite are crying crocodile tears. For 11½ long years they never released any legal advice. I know because occasionally I might have asked, and they repeatedly said governments do not do this. So now in opposition they have decided that as usual they can just throw out the rule book—

Senator Birmingham: Mr President, I rise on a point of order. If the minister is not going to come remotely close to answering any of my questions, perhaps in the remaining 20 seconds he has left he could instead explain to the Senate where he was hiding during the carbon tax vote.

The PRESIDENT: That is not a point of order. You know that.

Senator CONROY: Government goes on and cabinet subcommittees meet. I was paired, so the conspiracy theorists opposite can settle down. To fully answer your question: no.

Senator Chris Evans: I think it is with the full support of the Senate that I move that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Afghanistan

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (15:01): I seek leave to have incorporated into Hansard some additional information responding to a question that Senator Bob Brown asked of me in my capacity representing the Minister for Defence yesterday.

Leave granted.

The answer read as follows—

Senator Chris Evans
Leader of the Government in the Senate
Minister for Tertiary Education, Skills, Jobs and Workplace Relations
Tuesday 8 November 2011

Response to Question from Senator Bob Brown at Senate Question Time, Monday 7 November

Senate Brown asked a question about parliamentary debate on Australia's continuing involvement in Afghanistan.

As the Senate is aware, on 19 October last year the Prime Minister made a ministerial statement on Australia's involvement in Afghanistan.

In the course of her statement the Prime Minister advised the House of Representatives: "I will make a statement like this one to the House each year that our Afghanistan involvement continues."

I am advised that Prime Minister proposes to make a ministerial statement on this matter in the week commencing 21 November.
There will be an opportunity for Members and Senators, including Senator Brown, to note that statement in that week.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Carbon Pricing

Senator HUMPHRIES (Australian Capital Territory) (15:02): I move:

That the Senate take note of the answers given by the Minister for Finance and Deregulation (Senator Wong) to questions without notice asked by Senators Brandis and Cormann, the Leader of The Nationals in the Senate (Senator Joyce) and Senator McKenzie today relating to the carbon tax.

The government now has its carbon tax. Its carbon tax has passed through the Senate, and some would say that this is a breach of faith with the Australian community by virtue of passing a tax which was promised faithfully would not be passed under a government Julia Gillard led. Some would say that it is a move taken at the expense of the Australian standard of living. Some would say it is a move that will make no difference to the overall level of carbon pollution around the world. But at least the government does have its tax. Now I think it is time for the government to start to answer some questions about how this tax will work and what effect it will have on the Australian people.

But today in question time the government failed to do that. The government were asked a series of questions by opposition senators. How will this affect regional Australia? What level of difference is there between electricity costs in regional Australia and major cities, and how will the carbon tax affect that? Is this not the largest per capita carbon tax in the world? To all of those questions Minister Wong contemptuously threw back political point scoring, revelling in the hubris which is now characteristic of this government with respect to this issue. They are out of touch, have lost the plot and are unable to explain what their plans for the carbon tax, with its huge change to the Australian economy, will mean. Today the opportunity they had to provide those answers on the basis of having passed their carbon tax was once again lost.

I understand how the government can proceed on that basis in this cocoon which is the federal parliament. They can have the carbon tax pass when the galleries are full of staffers and members of GetUp! to cheer them on and hurry them on their way, but I would not commend this approach when it gets to the broader electorate. This government has comprehensively failed to sell this policy to the broader electorate. Outside this place there are people who are concerned, worried and feeling betrayed by a government that said it would not take this step but now has done. If the Prime Minister were to be believed when she said some months ago that she would begin her task of passing this carbon tax by building a deep and lasting consensus around it, she has failed and failed miserably.

Senator Abetz: No, there's a great consensus—against it!

Senator HUMPHRIES: Indeed. I take that intervention. We have got a consensus today; it is a consensus of the Australian people that this should not proceed, yet that is exactly what has happened in this house today.

The government's hopes apparently are pinned on the thought that it all will not be as bad as it appears to be on paper at the moment. Of course, if the government's predictions are right and we see electricity rises of only 10 per cent in the first year, the government might be doing quite well, because bodies like the Centre for International Economics are telling us that that could
be only a small sample of what is to come. Electricity prices could leap by 30 per cent. The effect on household earnings could be a fall of $1½ thousand, not the $5½ thousand forecast by the government. The loss of production to the Australian economy between now and 2020 could be more like $180 billion than the $32 billion forecast by the government.

The crowning achievement here is that the government not only has passed this tax today against the wishes of the Australian people and in breach of its own promises to the electorate at the last election only 12 months ago, it has also said it will not allow the tax to be repealed even if the next election becomes a referendum on the carbon tax and even if the Australian electorate overwhelmingly backs a coalition government with a mandate to repeal this legislation. How contemptuous has the Labor Party become of what is right, what is decent and what is appropriate in the democratic institutions of Australia's parliament. They believe they should do this because they think it is right and they do not care what the electorate thinks, but the fact is the electorate has the final say on this. The government should take that on board when it decides what to do with this tax. (Time expired)

Senator CAMERON (New South Wales) (15:07): I hoped that we would have one of the climate change deniers up on their feet today, not someone such as Senator Humphries who actually does believe in climate change. Senator Birmingham, however, has done a massive backflip purely for short-term political reasons. Senator Humphries talks about a breach of faith at the expense of the economy and says that people are concerned, worried and betrayed. But I got an email today—and I know that many other senators would have got this email too—which shows what the campaign of fear and misrepresentation from the coalition is doing out there. I think it is in about 30 point—it is written in a huge font size. It says:

ELECTION NOW !!!!!!!!!!!!!

It has 12 exclamation marks. Then it says:

THIS CARBON DIOXIDE (PLANT FOOD) TAX IS COMMUNISM !!!!!!!!!!!

It has 11 exclamation marks there. It then says:

AUSTRALIANS WILL NEVER FORGIVE OR FORGET THIS TREASON !!!!!

There it has six exclamation marks. After that comes:

THIS CARBON DIOXIDE (PLANT FOOD) TAX MEANS THAT THERE WILL NEVER EVER BE ANOTHER ALP OR GREENS (REDS) POLITICIAN IN THE HISTORY OF AUSTRALIA !

They got a bit tired there—there are only two exclamation marks. It goes on:

YOU HAVE ALL SIGNED YOUR POLITICAL DEATH SENTENCES !

There are two exclamation marks there. It continues:

ALL AUSTRALIANS HATE YOU ALL MORE THAN SATAN !

There is one exclamation mark there. Next it says:

DEVIL’S SPAWN !!!!!!!!!!

It has 10 exclamation marks. Finally it says:

COMMUNISTS !!!!

They use four exclamation marks there.

If we talk about spawning, this is what the coalition's campaign has spawned among ordinary Australians—though I do not know if this guy is very ordinary. However, that is where it is at now: a massive scare campaign. There is no need for this type of approach. With the carbon price in place the economy will continue to grow, jobs will continue to be created across this country, there will continue to be increases in take-home pay around the country and we will
continue to have an economy which is the envy of the world. What we have done is take the long view instead of the short view. What we are all about—

Senator Abetz: So why did you say 'no carbon tax'?

Senator Cameron: I will take the interjection by Senator Abetz, because Senator Abetz is one of the deniers. Senator Abetz is out there saying—this is his most quotable quote on the climate—that the biggest problem we have is weeds. He says that weeds are the problem and that, if we can just fix weeds up, everything is going to be okay. I have never heard Senator Abetz make any substantial contribution on the question of climate change. Senator Abetz is one of the climate change deniers. He is one of the extremists in the coalition who rolled the former leader, Malcolm Turnbull, because he wanted to do the same as other conservative leaders around the world, such as David Cameron in the UK, have done: treat climate change as a problem that has to be dealt with. David Cameron is no relative of mine—and I am thankful for that because he is a Conservative—but he is one of these people on the conservative side who say that you have to deal with climate change. The only leader of a conservative party around the world who is a disbeliever and does not want to do anything for the future of our children in this country is the Leader of the Opposition, Tony Abbott, and he will be condemned by history for his position, because he does not care about anything other than his own position.

The Deputy President: Order! Senator Cameron, your time has expired—with one exclamation mark!

Senator Eggleston (Western Australia) (15:12): Senator Cameron says that we do not believe in climate change. That is quite wrong, Senator Cameron. I came from the south-west of Western Australia, and I assure you that I believe in climate change. There has been a great decline in rainfall over the last 20 years, but climate change has been going on over the millions of years of the earth's history. The ocean has risen and fallen, there was once a land bridge to Indonesia and I went to Barrow Island last year where they can identify seven different sea levels over the last couple of thousand years. So climate change is real, but the argument is about what has caused it. For example, there are changes in the earth's orbit, sunspots and so on.

It is no doubt true that over the last few centuries there has been an increase in carbon levels, and we on this side do not disagree with the idea of reducing pollution and making the earth a cleaner, greener place. I heard Senator Singh this morning telling us that there was no doubt that the science was settled, but it is a funny thing: I read a lot of articles by scientists who do not agree with the IPCC, and there is a lot of evidence that a lot of their findings were based on pretty shonky assumptions.

The ALP in the Senate this afternoon are crowing about the benefits that this carbon tax will produce. I can understand their euphoria, but it may be just a little premature because the passage of this bill in no way changes the validity of the facts, of which the coalition has been warning the Senate, about the adverse effects that this tax might bring. The ALP seems to be so blinded by their euphoria that they have given no serious consideration to the facts which have been raised by the coalition about the consequences of this tax. I thought I might go through a few of them now. There is no doubt at all that a carbon tax will impose an extra cost across the board on the Australian economy and on consumers. In fact it is undisputed that Australians, who will pay $9
billion in carbon tax each year, will see their electricity prices go up and up. There will be a 10 per cent increase in electricity bills across the board in the first year alone, a nine per cent increase in gas bills in the first year alone, higher marginal tax rates for low- and middle-income earners and a $4.3 billion hit on the budget bottom line. Let us look at industry. A carbon tax will impose extra burdens on Australian industry. There is no doubt about it: it will make Australian industry less competitive. Our competitors around the world do not have to pay carbon taxes, because none of our major trade competitors have carbon taxes. As far as the iron ore industry goes, we are already seeing investment go to West Africa. Chinese and Australian industry is going to new mines in West Africa. One of the more naive aspects of the current government is that they do not seem to understand that the mining industry is an international industry and the miners will go to the places where the costs are lowest—and naturally they look at their bottom line. If in Australia we are going to have a carbon tax and soon a mining tax, they will not stay here; they will go to the places where the costs are lower.

The Minerals Council of Australia last year said that the carbon tax will cost some 23,000 jobs plus secondary jobs in local businesses. That is a lot of jobs. I wonder how those people will feel about the ALP's actions today when there is no pay cheque to take home. We are told a carbon tax will progress to an emissions trading scheme in 2015. But, let us face it: none of our major trading partners have emissions trading schemes. The Chinese do not; nor do the South Koreans, the Japanese or the United States. We are going to set up this enormous scheme in 2015 and there will be no one to trade with. It will be the poor old Australian taxpayers who will have to bear the burden of the cost of that. I wonder if you will rue what you have done— *(Time expired)*

**Senator FURNER** (Queensland) (15:17): An hour and a half after history has been made here we are again. The tired old opposition is still trying to resist something that is going to protect our environment, create clean energy jobs for our future and enshrine protection for our grandchildren. Twenty years of debate on climate change has occurred. A plethora of inquiries, three of which I was on, heard the evidence from scientists and from economists consistently explaining why we need to act on climate change. Yet those opposite stand up in this chamber an hour and a half after the Clean Energy Bill and related bills have been passed and history has been made still with their heads in the sand, still not willing to accept science and still not willing to accept what the economists are saying and what the future will be for our clean energy environment.

We will cut 160 million tonnes of pollution by 2020 through the introduction of our act. That is equivalent to 45 million cars being taken off the road. Yet those opposite still want to pursue their claims and their Direct Action Plan. We know what that will cost people in our communities; it will cost $1,300 a year. Those of you in the public gallery will have to pay $1,300 under the coalition's Direct Action Plan. With regard to delivering any results, the equivalent is that they will have to plant enough trees to cover the entire area of Germany or an area the size of Victoria and Tasmania combined. Figures have indicated that direct action would not benefit the environment. Instead, it would deliver only 25 per cent of the carbon pollution abatement needed to reduce emissions by five per cent. That is why you cannot accept the plans that have been presented by those opposite.
Oddly, though, leading up to the 2007 election the opposition were in favour of a carbon price. They were in favour of an ETS model which would have delivered the outcomes that we as a government sought as well. They were at a point in time when their leader, Mr Malcolm Turnbull, supported an ETS scheme. We know what happened to Mr Turnbull; he was knifed in the back by Mr Abbott. That is the way those opposite treat their leadership: if they agree with something that is going to work take the opportunity and knife them. That is what they have done to their previous leaders. Consistently they continue with the scare campaign. They go into butchers shops, car yards and wrecking yards and say, 'Your jobs will disappear. Your jobs will disappear.' What a load of rubbish! Modelling has indicated that our act will create 1.6 million jobs. That is what we are going to do for workers in our community. That is what we are going to do for people who we as a Labor government look after.

Also, we know that working families will be protected. Nine out of every 10 householders will receive tax cuts. They will also receive an increase to the tax threshold from $6,600 to $18,200. These are contemporary changes that only a Labor federal government can introduce to protect and look after our society. On average, costs will rise only $9.90 per week; however, those out there in our communities will receive $10.10 in assistance. This is what we are about. This is our tradition as a Labor Party—protecting working families and our pensioners. In fact those opposite used to have the mantle of protecting pensioners, but that mantle has been stolen from them. We have produced and delivered contemporary and model pension increases not seen anytime before in this country, and that is what we are going to deliver. Those opposite will end up with a $70 billion black hole with their proposal to roll back our bills—a $70 billion black hole. How are they going to fund that? No doubt, they will reduce the pensions of people in our communities who really need this money. We will make sure that we protect—

(Time expired)

Senator BOSWELL (Queensland) (15:22): I sit back here and I think about what a wonderful government this is. It has a magic pudding. It can create wealth by destroying industry. It can create jobs by going renewable, when 59 per cent of photovoltaic cells and all of the windmills are made in China. This is absolutely a magic pudding, where you can create more jobs and increase people's wages just by introducing a carbon tax. As Senator Abetz has said, if it is so successful why don't we increase it more—and then we could create more jobs and more industry? If anyone believes in this, they believe in the tooth fairy! Quite frankly, I sit here sometimes and wonder about the nonsense that comes out of the Labor Party and I reflect on how poorly it is served by the members that it has in here. This would never have happened 15 years ago when you had good people in the Labor Party—people who had a bit of experience in the world. But, no, now we just have the union hacks here and the Labor Party has gone downhill. It is a very pale shadow of what it was.

The warning bells are already being rung. We see, for example:

SOARING power costs have helped seal the fate of Rio Tinto's struggling aluminium business, with the mining giant putting four Australian and New Zealand smelters … on the market.

It says that this is because 'power-hungry' aluminium businesses just cannot function with the increase in prices that will be caused by the carbon tax.

The very worst feature of this is that the modelling done by Treasury is based on the
assumption that everyone else in the world is going to be there by 2016. The Minerals Council of Australia commissioned the Centre for International Economics to do their own modelling because they could not get the GTM modelling. When they produced new modelling, it came up with a totally different bunch of scenarios of what was going to happen. The modelling done by the Centre for International Economics says that 'domestic product will fall by $180 billion between next year and 2020'. The government's modelling said it will fall by $33 billion. The modelling then says that, by 2050, the GDP will fall by $1 trillion.

There is no modelling, so we are flying into this virtually on a mistruth. The Senate has never been told this. I have asked Senator Wong nine times and she has said nine times that she will take it on notice. She has never produced the modelling. That is why people like the Centre for International Economics have had to be commissioned to find out what will really happen. Their modelling also predicts that average household earnings will fall by $11,360 by 2020—more than the $5,100 predicted by the government.

The report has already come out and said that the carbon tax as modelled by the government will just not work. But we hear that by introducing a carbon tax we are going to create more jobs and create another economy of renewable energy—requiring a $70 renewable energy certificate. Next year the price of electricity will increase by 30 per cent. That is when your chickens are going to come home to roost—not so much on the increases to households but on the increases for all small business, all farms and all industry. That is when it is going to hit—and will there be screams and gnashing of teeth! And you think you can avoid that. You think you can get this legislation through— (Time expired)

Question agreed to.

Forestry

Senator RHIANNON (New South Wales) (15:27): I move:

That the Senate take note of the answer given by the Minister for Agriculture, Fisheries and Forestry (Senator Ludwig) to a question without notice asked by Senator Rhiannon today relating to logging and threatened species.

The Victorian Liberal government plans to rewrite the environmental code for logging so that logging can be exempt from abiding by the Flora and Fauna Guarantee Act. This is a deeply serious development that will have enormous environmental consequences and clearly should be something that this federal Labor government is giving consideration to and looking to how it can ensure that this destruction does not go ahead.

I understand that the Victorian government plans to undertake a series of surveys inside national parks. Our national parks are wonderful reserves for our wildlife. In most cases one would find a great number of species. Often we have both biodiversity and a large number of each species. If that is what the surveys find, the next step is that it will be legitimate to log in rich habitat outside those national parks. This is not scientific. This is not an evidence based approach to determining logging; it is just an attempt to legitimise something that is very destructive, is very wrong and, I would argue, is corrupt.

So we have this extraordinary situation that, if a survey finds lots of gliders, quolls, owls, marsupials, unique bird species and all of the wonderful wildlife that we find in our national parks, it could legitimise these crazy plans that the Victorian Baillieu government is bringing forward. I do congratulate the many environment groups and my Greens colleagues in Victoria for coming out
strongly to ensure that this madness does not proceed.

I put it to the Senate that there is a clear case for the federal government to take action for the environment and not hide behind the tired old federal environment laws that were so deeply gutted under the Howard government. There have been a number of comments that I have found quite interesting about the deep concern of many Victorians about this development. People have raised the issue of what will end up happening to the Victorian state symbol, the Leadbeater's possum. It might well be that the only place future generations will find it will be in the local zoos because of the madness of this extremely environmentally destructive plan that the government is trying to bring forward.

We also need to remind ourselves that logging these state forests in Victoria is a huge waste of public money, as it is in New South Wales and as it is around the country. There are massive public subsidies that go into this logging. This is one area where the Liberal Party should live up to their own ideology. They need to bring a bit of economic rationalism in here, surely. Why is forestry protected and subsidised to engage in such destruction?

Senator Cormann: To be lectured on economic rationalism by a communist—please!

Senator RHIANNON: I acknowledge the interjections from the opposition benches because I think they really do need to come to terms with what their colleagues in Victoria are doing and with the fact that their own policies are using public money to subsidise an industry that is not profitable. It is a highly unprofitable industry that should not be allowed to continue.

We really need to ensure that we are not the generation that allows the demise of so much of our wonderful wildlife. That is a message that is coming through in much of the correspondence that I know is circulating in Victoria as the awareness of this destructive policy builds. It is a matter that we believe the federal government has the responsibility to act on. It should not just hide behind weak federal environmental laws and flick it off to the state.

Question agreed to.

PETITIONS

The Clerk: Petitions have been lodged for presentation as follows:

Defence Community Organisation

To the Honourable President and members of the Senate in Parliament assembled:

The petition of the undersigned shows:

The Australian community’s concern regarding the proposed changes to the Defence Community Organisation (DCO). These changes will have a detrimental effect on the provision of services to Defence personnel and their families.

The proposed changes to the Defence Community Organisation would mean:

- Families will no longer have a point of contact at their local DCO office and instead will have to contact a call centre if they need support from DCO
- Skilled social workers will be replaced with entry level social workers
- Local support services for families in need will be drastically cut
- Families will be referred to outside services in many cases
- There will be a limit of four visits to DCO officers a year per client
- High level clinical support will be cut including bereavement specialists
- There will be cuts to support staff, particularly in regional areas.

We call on the Defence Community Organisation to reject these proposed cuts and
maintain at current levels the valuable work DCO employees do around the nation.

Your petitioners request that the Senate express its support for the services that the Defence Community Organisation currently delivers, and reject the proposed cuts to these services.

by Senator Carol Brown (from 838 citizens).

Petition received.

NOTICES

Presentation

Senator BIRMINGHAM: To move:
That there be laid on the table by the Minister for Broadband, Communications and the Digital Economy, no later than noon on Thursday, 10 November 2011, all recommendations provided by the Australia Network tender assessment panel to the responsible Minister or responsible departmental secretary since the commencement of the tender and the legal advice referred to by the Minister for Broadband, Communications and the Digital Economy in Question Time on Tuesday, 8 November 2011.

Senator BOB BROWN: To move:
That the Senate—
(a) notes:
(i) the letter of the President of the Senate to the Leader of the Australian Greens (Senator Bob Brown), dated 7 November 2011, in which he states 'I have examined the Hansard and agree that the remarks made by Senator Abetz alleging fraudulent conduct on your part were contrary to standing order 193(3) and should have been ruled out of order on the grounds that they imputed improper motives to you and contained personal reflections', and
(ii) the President's advice 'as a senator, you have numerous opportunities to respond. These include…giving notice of a motion calling on Senator Abetz to retract'; and
(b) calls on Leader of the Opposition in the Senate (Senator Abetz) to retract the allegation in accordance with standing orders.

Senator SIEWERT: To move:
That the Community Affairs References Committee be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Wednesday, 9 November 2011, from 5 pm.

Senator WATERS: To move:
That the Senate notes that no coal seam gas development should proceed where it poses a significant impact on the quality of groundwater or surface water systems, unless it is absolutely clear that it is proven safe for the environment.

Senator RHIANNON: To move:
That the Senate—
(a) notes that:
(i) the technical and further education (TAFE) system, as the dominant provider of vocational education and training (VET) since its inception, has improved Australian skill levels with important assistance provided to Indigenous and other disadvantaged communities,
(ii) while TAFE is the key component of VET, its base funding is diminishing, and
(iii) a report by the National Centre for Vocational Education Research found that a 6 per cent funding increase did not match a 12 per cent increase in training and course delivery costs; and
(b) calls on the Government to:
(i) work to address the skills shortages by securing public funding for TAFE,
(ii) rule out supporting a Higher Education Contribution Scheme-style university loans scheme for TAFE students,
(iii) increase TAFE funding so it can continue to offer a broad range of high quality, diverse programs for all the community, and
(iv) ensure the Ministerial Council of Tertiary Education and Employment commissions a review of VET since the competition policy was introduced.

Senator LUDLAM: To move:
That the Senate—
(a) notes that:
(i) National Recycling Week runs from 7 November to 13 November 2011,
(ii) Australians use more than 12 billion drink containers every year – 1.4 million per hour – fewer than half of which are recycled,
(iii) a July 2010 study commissioned by the Government found that a container deposit scheme (CDS) with a 10 cent deposit on beverage containers would increase recycling to more than 80 per cent and reduce overall litter volume by 19 per cent,
(iv) South Australia has operated a successful CDS since 1977,
(v) the Northern Territory has adopted a CDS to commence in 2012, and
(vi) the Australian Labor Party in Western Australia has adopted the Australian Greens' model CDS bill for that state; and
(b) calls on the Government to immediately adopt a national CDS.

Senator BOB BROWN: To move:
That the Senate—
(a) notes that:
(i) after the final vote on the Clean Energy bills, Senator Heffernan crossed the chamber to stand in front of the crossbenches and the Australian Greens' senators, and
(ii) this action obscured vision of cameras and the press gallery observing the proceedings for the Australian public; and
(b) calls on Senator Heffernan and his colleagues to reflect on this regrettable behaviour and take appropriate steps to see that it does not recur.

Senator WATERS: To move:
That the Senate calls for all applications and approvals made under the Environment Protection and Biodiversity Conservation Act 1999 which would have a significant impact on the Great Barrier Reef World Heritage Area to be suspended until the conclusion of the United Nations Education, Scientific and Cultural Organization requested strategic assessment, to allow consideration of all cumulative impacts of coal and coal seam gas ports and other developments on this internationally-significant biodiversity icon.

NOTICES
Withdrawal

Senator McEWEN (South Australia—Government Whip in the Senate) (15:34): At the request of Senator McLucas, I withdraw general business notice of motion No. 536 standing in the name of Senator McLucas for today.

BUSINESS
Leave of Absence

Senator KROGER: by leave—I move:
That leave of absence be granted to Senator Johnston for 9 November 2011, on account of parliamentary business.

Question agreed to.

Senator Bob Brown: Mr Deputy President, a point of order: we assented to the motion that Senator Kroger moved; however, I think when there is a parliamentary reason for missing parliament it might be better if that reason were given to the Senate when such motions are brought forward.

The DEPUTY PRESIDENT: Senator Brown, that is all that is required under the standing orders. A reason must be given and that reason has been given— it is for parliamentary reasons.

Senator Bob Brown: I agree that the reason has been given, but it is not an explanation as to what the parliamentary reason is. I am suggesting it would be a courtesy to have the chamber acquainted with the specific reason for the absence.

The DEPUTY PRESIDENT: The matter is in conformity with the standing orders. However, if you wish to raise the matter with the Procedure Committee, that would be a good avenue for it to be progressed.
Senator Bob Brown: I am raising it with you.

The DEPUTY PRESIDENT: The matter is in conformity with the standing orders.

NOTICES
Postponement
The following item of business was postponed:

General business notice of motion no. 534 standing in the name of Senator Madigan for today, relating to recognition of cultural heritage, postponed till 10 November 2011.

COMMITTEES
Education, Employment and Workplace Relations Legislation Committee

Senator McEWEN: At the request of Senator Marshall, I move:

That the time for the presentation of the report of the Education, Employment and Workplace Relations Legislation Committee on the provisions of the Education Services for Overseas Students Legislation Amendment (Tuition Protection Service and Other Measures) Bill 2011 and two related bills be extended to 27 February 2012.

Question agreed to.

Finance and Public Administration Legislation Committee

Senator McEWEN: At the request of Senator Polley, I move:

That the time for the presentation of the report of the Finance and Public Administration Legislation Committee on the performance of the Department of Parliamentary Services be extended to 28 June 2012.

Question agreed to.

Economics Legislation Committee

Senator McEWEN: At the request of Senator Bishop, I move:

That the time for the presentation of the report of the Economics Legislation Committee on the provisions of the Consumer Credit and Corporations Legislation Amendment (Enhancements) Bill 2011 be extended to 30 November 2011.

Question agreed to.

Corporations and Financial Services Committee

Senator KROGER: At the request of Senator Boyce, I move:

That the Parliamentary Joint Committee on Corporations and Financial Services be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Monday, 21 November 2011, from 10 am.

Question agreed to.

MOTIONS

Iran

Senator LUDLAM (Western Australia) (15:37): I move:

That the Senate—

(a) notes:

(i) that the International Atomic Energy Agency will report on 8 November 2011 on the Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran, and

(ii) recent statements regarding potential military strikes on Iran; and

(b) calls on the Government to intensify diplomatic efforts through the Australian delegations in Vienna, Geneva and New York aimed towards a peaceful solution to this situation.

Question agreed to.
COMMITTEES
Community Affairs References Committee
Reporting Date

Senator SIEWERT: I move:

That the time for the presentation of the report of the Community Affairs References Committee on the regulatory standards for the approval of medical devices be extended to 22 November 2011.

Question agreed to.

MOTIONS
Coral Sea

Senator WATERS (Queensland) (15:38): I seek leave to amend general business notice of motion No. 533, standing in my name and the name of Senator Bob Brown.

Leave granted.

Senator WATERS: I, and also on behalf of Senator Bob Brown, move the motion as amended:

That the Senate—
(a) notes the unique biodiversity and natural heritage of the Coral Sea that is home to the critically endangered hawksbill sea turtle and endangered green turtle;
(b) recognises that 2012 will be the 70th anniversary of the historically important Battle of the Coral Sea in 1942 that changed the face of World War II; and
(c) calls on the Government to declare the Coral Sea the world’s largest marine national park.

Senator Bernardi: Could I ask you to please repeat the amendment then?

The DEPUTY PRESIDENT: Could you repeat the amendment, please, Senator Waters?

Senator WATERS: Certainly. In clause (c), replace the words 'protected marine reserve' with the words 'marine national park'.

Senator McEwen: Mr Deputy President, I can indicate that the government also has not, as I understand it, been apprised of that amendment. While we were prepared to support the original motion, I am in a difficult situation given that the wording change is reasonably significant. I would perhaps suggest that the senator may wish to postpone the decision on the motion until tomorrow.

Senator Bob Brown: I think we should take up that suggestion with the amendment in place. If the amendment is agreed to, then it can be considered.

The DEPUTY PRESIDENT: I will just seek clarity. Is the motion to stand as amended, or do you wish to withdraw the motion for the time being and postpone it until tomorrow?

Senator Bob Brown: We would like the motion to stand as amended and be deferred until tomorrow.

NOTICES
Postponement

Senator WATERS: by leave—I move:

That general business notice of motion no. 533 be postponed till the next day of sitting.

Senator Bernardi: Point of order, Mr Deputy President. Firstly, in my understanding leave has to be granted to amend the motion and then there would be a separate request for leave to defer the motion or an announcement that it would be deferred until tomorrow. Is that correct? Both cannot
be taken at the same time. I am not sure if the amendment has been agreed to by the Senate.

The DEPUTY PRESIDENT: I think you are correct, Senator Bernardi. The motion is now withdrawn from today's order of business. Could I indicate that the Procedure Committee highlighted that there is always a problem when motions are amended on the day, no matter how simple the amendment, without prior notice. So I think the best course of action is this. This motion has now been withdrawn. It can come up again tomorrow and I am sure the matter will be discussed at the whips meeting. Are all senators clear on the course of action? The Clerk has just advised me that we need to clarify that the motion will appear in its amended form tomorrow. I think that was Senator Brown's point also. To clarify, the motion will appear tomorrow in its amended form. That was the subject of a motion which we were just putting. Senator Bernardi sought further clarification. I will now put that motion, which was moved by leave, that the amended motion be an order of business for tomorrow.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

Gillard Government

The DEPUTY PRESIDENT: I inform the Senate that at 8.30 am today Senators Bushby and Siewert each submitted letters in accordance with standing order 75 proposing a matter of public importance. The question of which proposal would be submitted to the Senate was determined by lot. As a result, I inform the Senate that the following letter has been received from Senator Bushby:

Pursuant to standing order 75, I propose that the following matter of public importance be submitted to the Senate for discussion:

Prime Minister Julia Gillard's failure to lead the country with integrity and failure to act in the national interest.

Is the proposal supported?

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

Senator CORMANN (Western Australia) (15:43): For the past four years Australians have been subjected to bad government. Wherever you look, wherever you go, there is failure, incompetence and broken promises. The failures of this government are very much the personal failures of Prime Minister Julia Gillard. The failures of this government are Ms Gillard's failures. They are failures of character, failures of integrity, failures of judgment and failures to act in the national interest.

Mr Deputy President, you would remember that just over a year ago Ms Gillard stood in front of the cameras and said that she had to take on Mr Rudd for the leadership of the Labor Party because the Labor government had lost its way. There were three problems that Ms Gillard said that she was going to fix. She was going to fix the mining tax fiasco, the carbon tax mess—the climate change action mess—and the border protection fiasco. But let us reflect on how these issues have developed under Ms Gillard's leadership. The first observation to make is that whenever Ms Gillard has to make a judgment—whenever Ms Gillard is presented with a challenge; whenever Ms Gillard has to deal with a particular issue—she focuses on her political self-interest and not the national interest. What she focuses on is how she can protect her own hold on power rather than what is in the public interest. That is how it was in the lead-up to the last election. In the lead-up to the last election, every single decision that was made by the Gillard government was focused on how they could squeeze past the Australian
voting public, cling on to power and, despite all of their failures and all of their incompetence, get a second term.

It is no doubt the case that the many failures, examples of incompetence and broken promises under Labor in their first term in government are what led to, for the first time in 80 years, a first-term government losing its majority in the House of Representatives. The people of Australia passed a damning judgment on the bad performance of the Labor government over its first term. And Ms Gillard told us that the reason she had to take on the Labor leadership was that she agreed that Labor had been a bad government in its first term. She agreed with the judgment of the opposition; she agreed with the judgment of the majority of the Australian people who said that this had been a bad government. That is why she put up her hand to take over the leadership from then Prime Minister Kevin Rudd.

How did she deal with the three policy issues that she identified? First we had the mining tax, an absolute mess of, quite frankly, the Treasurer's making. Treasurer Swan is solely to blame for the mess. Mr Rudd was probably a bit naive to go along with some of Mr Swan's suggestions. If you think about it, Mr Swan sat on the Henry tax review for five months between December 2009 and May 2010 and then said to the Prime Minister, 'You should be announcing this resource super profits tax, because that is one of the recommendations. And let's release the report at the same time as we make the announcement of this massive new tax on the mining industry.' There was no consultation with anyone—no consultation with state and territory governments and no consultation with any of the industry stakeholders. He managed the process completely incompetently. And all hell broke lose, with consequences that all can see. All we got from Mr Rudd and Mr Swan was a lazy tax grab without going through a proper process.

What did Ms Gillard do? Did she decide to pursue genuine tax reform? Did she decide to act in the national interest? No, she did not. What Ms Gillard was to have an exclusive secret meeting with the three biggest taxpayers, BHP, Rio Tinto and Xstrata. Excluding all their competitors, she negotiated the design of a tax that is going to be imposed across the whole mining industry in relation to iron ore and coal. She designed the tax in a way such that it made harder for anyone to compete with the big three, helping to consolidate the market dominance of those big three. She negotiated that in secret exclusively with three taxpayers, excluding all of their competitors and state and territory governments from the process. Is that the way to design tax in Australia—to sit down with a couple of taxpayers and exclude everybody else? Is that acting in the public and national interest? No, it is not. That is a highly improper way of dealing with tax reform. And that is why this is a continuing problem.

This is solely the responsibility of Ms Gillard. She is the one who decided to send out all the public servants. The deal was negotiated without any officials from Treasury or from the Department of the Prime Minister and Cabinet. The only people in the room were the Prime Minister, the Treasurer, the Minister for Resources and Energy, some of their personal staff, Marius Kloppers and the managing directors of Rio Tinto and Xstrata. In fact, the deal that they signed was typed up on the BHP computer. That is not acting with integrity; that is not acting in the national interest.

In relation to the carbon tax, we were promised that there would be no carbon tax under a government led by Julia Gillard. We have spoken about this a bit today. We were
told that Ms Gillard would seek community consensus before pressing ahead and that she would have a citizens assembly before pressing ahead. None of that happened. And why has none of that happened? It was not because Ms Gillard personally changed her mind but because she was too weak to insist on the course of action that she knew was in the national interest. She lacked the integrity, the character, the judgment, the capacity, the authority and the political strength to act in the national interest.

To make up the trifecta, we have the Prime Minister chopping and changing in relation to border protection. First, Labor in August 2008 scrapped the highly successful Pacific solution, which was introduced by the Howard government. The Labor government scrapped a policy framework that had stopped the boats and that had helped secure our borders. Labor lectured us in this chamber that offshore processing did not work and that it was a failure. Then Prime Minister Gillard arrived in June-July last year and said, 'People who are concerned about the fact that our policies have created porous borders are entitled to be concerned about it and I'm going to fix it.'

What did she say in the lead-up to the election? She talked about a regional solution. She could not quite bring herself to confess that what she was arguing for was offshore processing. I well remember the speeches that Ms Gillard gave at the National Press Club and in other places in the lead-up to the election about creating a regional solution—which, of course, was nothing other than offshore processing by another name. She was going to have the East Timor solution, but she never mentioned it to anyone in East Timor before announcing it. How incompetent is that? Rather than acting in the national interest—rather than acting with judgment, integrity and character—we have a Prime Minister who lets Australia down time and time again. But of course the farce was not over. After clinging onto her failed East Timor solution for months, she finally realised and had to concede that it was not going to work. So what did she come up with? She said, 'Oh well, I now agree we have to have offshore processing'—she started naming it 'offshore processing'—and said, 'We're going to send asylum seekers to Malaysia.' Never mind that, for years on end, Ms Gillard had been lecturing all of us that you cannot possibly send asylum seekers offshore and, if you were going to send them offshore, you could not possibly send them to a country that has not signed up to the United Nations convention on refugees.

So here we have Prime Minister Gillard, after all of the lecturing, after all of the sanctimonious tirades, after preaching to us and giving us sermons from the mount, telling us you cannot possibly send asylum seekers who want to come to Australia to other parts of the world, saying to us, 'Not only do I want to send them to other parts of the world—I want to do it in breach of the law; I want to do it thumbing my nose at the High Court, which tells me that I'm about to break the law. And, if that doesn't work, I'm going to say to the Australian parliament, "Let me do what I've always said would be an evil thing to do: send them to a country that hasn't signed the United Nations convention on refugees."' The evidence is in: this is an incompetent government. It is a government that is rotting from the top. It is a government that lacks integrity, that lacks character and that is led by a Prime Minister who lacks judgment.

Senator FURNER (Queensland) (15:53): Time does not allow me to go through all the national interest measures we have been able to deliver as a Labor federal government, but I will do as much as I can in the time permitted.
It was only in September last year that we secured a minority government. Since then there is no doubt we have been delivering on our policies. We have been delivering on tax cuts for working families at a time when they need tax cuts and benefits the most. In fact, on 1 January 2011, as a member of the community affairs committee, I was delighted to be part of a government that delivered on paid parental leave, a scheme where parents are able to stay home with their newborns or adopted children for 18 weeks at the minimum wage, while retaining their ties with the workplace and easing the financial pressure on our working families—a policy the opposition leader said he would never implement, until he realised that our government was in a box-seat position to do it. And what did he do with his policy? He was going to put the burden back onto employers; he was going to have major employers pay for his policy, a flaw in his policy that no doubt those major employers are still opposed to.

We began also to roll out the National Broadband Network, which will provide faster internet connections and allow those in rural areas to access high-speed internet through the state-of-the-art NBN connection—something the opposition has left our country behind on. The NBN will deliver affordable high-speed broadband to all Australians, no matter where they live. The NBN is also creating jobs, right here.

Senator Bilyk interjecting—

Senator FURNER: It is already being used in Tasmania, in Senator Bilyk's electorate—

Senator Bushby interjecting—

Senator FURNER: and in Senator Bushby's electorate as well, and also in Armidale, in New South Wales. A new era of telecommunications is arriving—better services, more competitive prices for Australians and for Australian businesses. The NBN will change the way we live and work and ensure our economy keeps up with the rest of the world. It will give our children access to world-class educational resources. It will provide access to better health care. It will close the distance between our regions and cities and will give local businesses the opportunity to expand into markets anywhere in the world, instantly. And the Prime Minister and Minister Conroy have announced a $9 billion agreement with Telstra on the NBN to provide for the re-use of suitable Telstra infrastructure and for Telstra to progressively structurally separate by decommissioning its copper network and broadband HFC network capabilities during the NBN fibre rollout. This means less disruption to communities and less use of overhead cables. We have also succeeded in separating Telstra in their retail and wholesale communications business.

After injecting money into the economy, we stopped Australia from feeling the brunt of the global financial crisis, something that we shall never, ever forget, and nor will the public—the way we have delivered confidence in the market, something those opposite used to champion. We have stolen that mantle from you now.

Senator Mason: Oh, Mark—you don't believe that!

Senator FURNER: The community accepts that we have protected them from this global financial crisis. And it does not matter where you go, whether it be a school opening in a hall—and I know, Senator Mason, you love the halls, the science centres and the libraries that we created through the Building the Education Revolution. But I have never seen you turn up with your smiling face and be part of those photographs which are taken at the openings.
Nevertheless, I have seen a lot of other members turn up: a lot of the new members mainly, sitting there posing for a great photograph and taking a great opportunity to recognise that this is a government delivering in an era where the global recession really bit the whole world—and we were protected from it, by giving that support to those communities. I am still doing those openings, and that will continue into next year. It does not surprise me how often I go along and hear the principal, the teachers or the P&C presidents say to me, 'Senator Furner, please go back and tell the Prime Minister and Senator Chris Evans of our gratitude for the assistance you have provided us.' You can understand why when you are standing in a brand new hall, worth approximately $3 million, or a newly refurbished library, or a science centre that has been provided—the greatest gift a government can provide children for the next generation, and that is education. Education is something that those opposite failed to deliver in the period when they were in government.

And no doubt, as a roll-on effect and a result of that injection of $16.2 billion into Building the Education Revolution, there was the creation of jobs—750,000 Australians gained employment as a result of what we delivered as a government during the global financial crisis. In fact, in the past year I have opened more than 100 schools in Queensland and officially opened Building the Education Revolution projects along the lines that I have already commented on in the halls, the science centres and the libraries. For some schools it was the first time they had a multipurpose hall. It was the very first time they were able to fit the whole school into one particular area. And for some it was the first time they had a library. No longer did they have to share a classroom with a room full of books. I have seen new kitchens, as well, created out of this project—the Stephanie Alexander Garden Kitchen Program, another fantastic government initiative. I have seen new music rooms and dance studios. For some schools this is the biggest thing to have happened to them in years—in fact, in the life of the schools.

Principals and P&C presidents come up to me and give praise. Here, for example, is what Judith Seery, principal of St Anthony's Primary School, Alexandra Hills, said:

We are indeed grateful to the federal government for their generous gift to St Anthony. It's an extraordinary privilege. Senator Mark Furner, please pass on to Prime Minister Julia Gillard and the federal government our sincere thanks as a result this funding has assisted local trades people, families and communities to participate in activities to support achievement to develop learning potential ...

Principal Belinda Leavers of Loganlea State High School said:

On behalf of the staff and the students and all members of the Loganlea State High school community I would like to extend our very sincere thanks to the federal government for this wonderful facility with leading-edge technologies and modern multi-purpose learning spaces.

So, there you go.

The Gillard government was also involved in providing assistance to those who needed it the most when flood devastation hit my state, Queensland, and Victoria, and also when Cyclone Yasi hit North Queensland earlier this year. The devastation those disasters caused was overwhelming. In fact, just the other week I was out in the Lockyer Valley, on the road between Brisbane and Toowoomba, visiting residents who are still traumatised by the amount of water that came through their valley and devastated their homes. What did we do as a government? We acted decisively. We put in place legislation to levy taxpayers with above $55,000 earning capacity to assist
Queenslanders and Victorians, as we do in times of need. However, those opposite opposed that strenuously and they still do. I wonder sometimes: when people are in need, why would you be opposed to providing assistance to them at the most vulnerable times in their lives?

Not only have we delivered for working families but we are also delivering effective policy. The government has secured the passage of 130 bills through the House of Representatives; the Leader of the Opposition, Tony Abbott, has not provided a positive communication to this government since becoming the leader of his party. He is known for saying ‘no’ to everything, even good policy. I think Senator Cormann spoke about some policy and legislation we were proposing with border protection, and that is another example. Rather than working with the government to come up with a suitable proposal and legislation for dealing with this particular issue, it is quite easy to say ‘no’—and the noes will continue.

He also opposed the GP Super Clinics Program, which has delivered quality health care in areas of need. In fact, the superclinic in my backyard of Strathpine there has gone from strength to strength. Since opening its doors the superclinic at Strathpine has had tens of thousands of consultations and has to employ doctors to keep up with the demand.

All this on the back of this motion today claiming that we have not delivered for the national interest. I refute that, naturally, because we have delivered and we will continue delivering as a government. (Time expired)

Senator MASON (Queensland) (16:03): After all the tumult and shouting, Australia will now be subject to a carbon tax. I even enjoyed making a quiet and considered contribution to that debate. Sure, as Senator Cormann said, the Prime Minister did lie. Yes, it was an act of prime political dishonesty visited upon ordinary Australians. And in the end ordinary Australians will end up paying for the lie.

We will learn soon enough that this tax is not in Australia's national interest. I do not believe that the Prime Minister's lie, her deceit and her dishonesty before the last election, was the greatest lie in this debate. I do not accept that. Going back for a second, you will recall that the coalition has always argued—we have been arguing it for two, three or four years—that a tax on carbon in Australia is justifiable, but only when there is a sufficiently comprehensive global agreement to support it. If there is, then it may be in our national interest. If there is not, it certainly is not in our interest. That was John Howard's view before the 2007 election. It should never have gone to Copenhagen; that was the wrong forum. It is the sort of issue that should have gone to the G20 and been sorted out there. It never was.

One of the great lies in this debate is that there is a sufficiently comprehensive global agreement. That is rubbish. That is not right. There still is not. Our major competitors, the ones that really count, are the energy rich, trade exposed economies such as Brazil, Russia, India and China. So often we heard Senator Wong, Mr Combet and the Prime Minister say, 'Oh, the Chinese are doing something.' Yes, they are doing something, but nothing that will stop their emissions from growing 500 per cent between 1990 and 2020. That is the second lie. And, as we know, the United States and Canada, as the latter's foreign minister has so recently made so very plain, have no intention at all of embarking upon a price on carbon.

Senator Bushby: Very few do.

Senator MASON: Very few do. So our competitor nations, the energy rich, trade
exposed nations are not moving on this. It is a lie.

But it gets worse, and this perhaps is the most sinister part of the entire debate. Under great heat Senator Wong, Mr Combet and the Prime Minister, even when the facts are forced down their throats and they finally concede, 'Well, perhaps our competitor countries are not moving sufficiently quickly and perhaps they should be doing more,' they still argue that, even in the absence of a sufficiently comprehensive global agreement, it is still in our national interest. That is the argument that Senator Wong has made over the last week and a half, that even in the absence of a sufficiently comprehensive global agreement, even in the absence of activity by our competitor nations, even if those energy rich, trade exposed nations do nothing, it is in our national interest. That is the great deceit, a deceit far greater in my view than the Prime Minister's lie before the last election. Often under great pressure Senator Wong over last week has said, 'Oh well, it doesn't really matter what other countries do.' Yes, it does, because if other nations do something we just go backwards. We lose our comparative advantage in energy export, we go backwards.

Labor argues fundamentally that it is in Australia's national interest to go first irrespective of what the rest of the world does even when we know it will have no impact on global emissions, which are still rising, and no impact on climate change. That is the debate in one paragraph—magic from the other side. That argument will kill the Labor Party over the medium term. In one paragraph that is the argument. If it was such a good idea to go first in the absence of a global agreement, if it was such a good idea to move straightaway before other trade exposed, energy rich nations, then why didn't the United States of America do something? Why not Canada? Why wouldn't China do more, why wouldn't Russia do more, why wouldn't India do more? Because they know to move first, to move unilaterally, is against their national interest. The bill is now through. The Governor-General will sign it into law. The fundamental bastardry is this—

**Senator Lundy:** Mr Deputy President, I raise a point of order. I would like to draw your attention to a comment earlier in Senator Mason's presentation. While you were discussing matters with other people, I believe he said something unparliamentary, and I ask that you review the Hansard and call him to withdraw if it is required.

**The DEPUTY PRESIDENT:** Unfortunately, you have chosen to raise this late in the debate. In light of the fact that it is later, I am sure the Hansard will be reviewed and if any action needs to be taken it will be taken.

**Senator Mason:** If it was such a good idea to move in the absence of other nations, to move unilaterally, why don't other nations move first? That simple, fundamental question was never answered by Senator Wong in a week and a half. I listened to her and I received no answer. What does this government know, what does Senator Wong know, what does the Prime Minister know, what does Mr Combet know that President Obama does not know, or the leadership of India, China, Brazil and Russia? What does she know that they do not know? Why does she want to move unilaterally? Those other nations know fundamentally that to move unilaterally rather than multilaterally is against the national interest. That is the great deceit, the great lie, in this debate. That is the one I object to fundamentally, far more than anything else. It is something that Senator Wong and the Labor Party, and indeed the Greens, have never answered in a week and a half of debate. Labor has sold out their own country just so they could form a government with the Greens, and I suppose
now the bourgeois Left will feel a lot better about themselves. Isn't that just wonderful? And the possibility of this tax is founded upon a lie. But, as I say, that is not the worst part. It is the fundamental deceit about other countries that I find even more objectionable.

Our carbon tax in the end will have to rely upon carbon markets. As the Canadian foreign affairs minister pointed out the other day, there is not one properly functioning carbon market in the world. Before my friends on the other side say, 'What about the European Union?' which is of course the largest carbon market, that is a corrupt, limp and rife-with-abuse market. It is a hopeless and pathetic carbon market. It spends more time being investigated than it does in operation. What sort of precedent does that set for a carbon market internationally? None at all. Yet again this tax built upon a lie somehow is justified.

Finally, the Prime Minister says the coalition is out of step with the future. Let me make these predictions, and I do not mind putting them on the record. Firstly, carbon emissions will continue to rise for the foreseeable future in Australia and in those competitor countries, the resource rich, trade exposed countries. They will continue to rise. Secondly, this tax will have no impact on climate whatsoever—none, zip, zilch. Thirdly, Australia will be a poorer country because of this tax. If that is the better future that the Prime Minister talks so glowingly about, I do not want to be part of it, because that is the sort of future that just does not work.

Senator BILYK (Tasmania) (16:14): I rise today to speak on the matter of public importance put forward by Senator Bushby. I presume it is just another little furphy that those on the other side have put up so that they can all keep going on and on and on about the carbon tax, about the clean energy bills. I have news for them: the vote happened, you lost—deal with it. Move on. What I do want to talk about are some of the things we have done with regard to acting in the national interest. Of course, those on that side may be a bit surprised because they are in denial about anything we do that is positive. They just do not acknowledge it.

We have increased the age pension, and that is obviously of significant importance to a number of people, and we are looking at ways of improving aged care so that older Australians can have more choice and more control about their future. We have introduced paid parental leave—I will not go into all the issues in detail, because I would be here all day and I have limited time—and, once again, those on the other side did not want to support that.

We have also laid the foundations for the nation's first National Disability Insurance Scheme. I would declare that that is also in the national interest. We have put many, many dollars into health. We put money into more hospital beds, more doctors and more nurses. We put $2.2 billion into achieving mental health services, which is, once again, of national interest and national importance.

That is unlike those opposite. Mr Abbott, as health minister, took $1 billion out of the health portfolio. I do not know that doing that was necessarily working in the national interest. It is all about a contest. It is a contest between being stuck in the past under the coalition, listening to their stunts and letting them run their negative scare campaigns all the time or advancing Australia under a Labor government. I know which side of the fence I would rather be on.

There are a couple of other things we have done. As a senator from Tasmania—and Senator Carol Brown is here and I know that she will agree with this; unfortunately, I do not think Senator Bushby, who is also from
Tasmania, will—there was the rollout of the NBN in Tasmania. Eventually it will be rolled out across the rest of Australia, which will improve access for all Australians and will move Australia forward.

_Senator Bushby interjecting_

**Senator BILYK:** Senator Bushby, we know that it has been said that your side will roll back the NBN. I am just waiting for you to come out with a policy on that before the next federal election. As you know, that was one of the downfalls of the Liberal Party in Tasmania in the last federal election. The NBN is really important, not just for entertainment, which is what those on the other side often purport; it has very practical uses and benefits for the whole nation. One of the areas I am particularly interested in is e-learning, or remote learning. To rural and remote students that is of great significance. Students in the city will benefit from the rollout of the NBN as well. Another area where the NBN will be of benefit is with regard to smart homes. Then we have the tele-health area, or e-health, which will obviously be of enormous benefit to everybody, especially for consumers who are aged or housebound and also for the medical profession when they want to talk to each other or videoconference to consult about patient care. And there will be increased benefits with regard to e-commerce, which will allow Australian businesses to participate in the global market in real time. With even those few things, I suggest that we are certainly working in the national interest, which is contrary to what I believe those on the other side are doing. Their rank hypocrisy is amazing; it disgusts me a lot of the time. They are fairly disingenuous because they have a policy-free zone.

_Senator Brandis interjecting_

**Senator BILYK:** Senator Brandis always has to interject when he knows I might be making a point.

**Senator Brandis:** No, you're not making a point at all. You're making a fool of yourself.

**Senator BILYK:** He is just like a little rude child. Senator Brandis, you must have had an awful childhood.

_Senator Brandis interjecting_

**The DEPUTY PRESIDENT:** First of all, order on my left! Cease interjecting. Senator Bilyk, please direct your comments to the chair and not across the chamber.

**Senator BILYK:** My apologies, Mr Deputy President. I would suggest that maybe Senator Brandis had a not-so-pleasant childhood. As somebody who worked in early childhood education for 12 years, let me tell you that I have seen bullies, people who have to interrupt, people who are attention seekers, and all the rest. Senator Brandis, you top the bill. You are like a two-year-old a lot of the time.

**The DEPUTY PRESIDENT:** Senator Bilyk, to the chair; not across the chamber.

**Senator BILYK:** I would allege that Senator Brandis acts like a spoilt little two-year-old a lot of the time, constantly seeking attention and not really being interested in what anybody else has to say—his way is the only way. I think it is fairly childish. It is a bit like a whiny little child, trying to get attention from their parents so that they can win one on their siblings. It would be laughable if it were not so sad.

I would also suggest that the opposition know nothing about the national interest. They know nothing about integrity. We hear Mr Abbott saying, 'You can't believe anything unless it's written down.' I laugh at that one; I still remember that one. How can we take seriously questions about integrity
from an opposition that fabricate myths? I will not say 'lies', because I do not think that is a very nice word, but they do fabricate great myths about the government's policies, the government's achievements and the economy and science—and they dare to talk to us about integrity! You want to know about national interest? I will tell you about the national interest. The global financial crisis was the greatest economic shock to hit our economy in three-quarters of a century. While the banks collapsed around the world and unemployment rates in wealthy advanced nations hit double digits, Australia survived relatively unscathed. The Labor government bullet-proofed the Australian economy and kept it out of recession during the worst economic downturn in three-quarters of a century. The most affluent nations across the world are all suffering under levels of debt that are many, many times greater per capita than in Australia. The debt of the United States of America is currently over $14 trillion—that is, around $50,000 for every American man, woman and child. Similarly in the United Kingdom, where I note Mr Abbott is currently visiting his pal Prime Minister David Cameron, public debt is around one trillion pounds. Public debt in Australia is a tiny fraction of that amount. Thanks to this government, our economy’s fundamentals have remained strong with outstanding employment growth, a record investment pipeline and a budget position that is the envy of our peers. We have created 750,000 jobs since we were first elected and 120,400 more Australians are employed today than 12 months ago. I think that is in the national interest.

I was reading a quote the other day from the world-leading economist, Joseph Stiglitz. When he was asked about debt in Australia, he replied:

For an American it's totally befuddling. The fact is, your deficit, your debt is very low.

Senator Brandis interjecting—

Senator BILYK: He continued with this, Senator Brandis:

For me, what I find so ironical, is you have the same people saying we need to worry about the deficit and saying but by the way we shouldn't get the full value of our resources for our future children. It doesn't make any sense to me.

Who are those people he was referring to? It is those people opposite. They do not make any sense. They say that putting a price on carbon is not in the national interest, but we have to remember that the Prime Minister of the UK disagrees, and I hope that Mr Abbott listens to him while he is over there. Prime Minister Cameron has come out overwhelmingly in pricing carbon. He said recently:

We have put a carbon floor price in through our budget and I think other countries are looking at this. If you want to get control of global emissions, if you want to deal with this issue, then the market is an effective way of doing that. It's often not enough on its own.

(Time expired)

Senator BUSHBY (Tasmania—Deputy Opposition Whip in the Senate) (16:24): I also rise to speak on the matter of public importance that I submitted:

Prime Minister Julia Gillard’s failure to lead the country with integrity and failure to act in the national interest.

I have listened with great interest to the two government senators who have been speaking this afternoon, trying to defend what I think can only be called the indefensible. Both government senators have vainly attempted to defend what can only be described as an appalling record of four wasted years in government. They struggled to find anything concrete in their defence.

Senator Furner started off by talking about the tax cuts that they delivered early on in their four-year term. Those tax cuts were...
actually our tax cuts that they copied during the 2007 election.

Government senators interjecting—

Senator BUSHBY: It is true; it is absolutely true. They were identical to ours except you sliced a little bit off the top. Then Senator Furner went on to talk about paid parental leave. The paid parental leave that the government has delivered is nowhere near as good a deal for the people who receive it as what we have promised. Senator Furner raised the NBN. Our plan, which we went to the 2007 election with, would have been up and running for 90 per cent of Australians two to three years ago. That is right, two to three years ago 90 per cent of Australia would have been covered and would be receiving the benefits of superfast broadband. Yet, here we are with the government's proposal and the NBN has taken three years to roll out to a couple of regional areas, including in my home state of Tasmania, and hardly 100 people have subscribed to it right across the country.

Of course, it is important to remember as well that, when they went to the 2007 election talking about the National Broadband Network, it was going to cost $4 billion. That is a lot of money. Not long after they got into government they realised that they had made a huge error and could not do what they had promised for $4 billion. So, they increased the amount of money they were going to need for the NBN to over 10 times that $4 billion to $45 billion. By the time it is actually rolled out across the nation, if it ever gets there, it will have cost a lot more than $45 billion.

It is taking them years to do the rollout and so far, as I mentioned, they have only rolled out a little bit in Tasmania, a little bit in Northern New South Wales and they are talking about rolling out a little bit more around the country. It will be years and years if not decades before they get the NBN out to the coverage they say. In the meantime, what happens to technology advances? The reality is that, even in the last three years since their cost went from $4 billion to $45 billion, the technology relating to wireless delivery of superfast broadband has advanced dramatically so that the speeds now available to use in wireless are catching up to the speeds that Senator Conroy was promising would be delivered with the NBN. In another couple of years they will be overtaking that and the NBN will be redundant before it is even in the ground.

Senator Furner also raised the stimulus package. Australia's performance with respect to the stimulus package had a lot more to do, as Senator Brandis interjected earlier, with Peter Costello and John Howard, combined with the stimulus package in China, than it did to any decisions that were made by the then Rudd government to spend Australia's taxpayers' money on the stimulus package that they put forward. You only have to look at the European Union and the state of finances in Greece and Italy to know that it is not a good idea to take your country into debt in a way that will jeopardise the ability of your country to have flexibility to deal with future shocks.

It is interesting to note that, in relation to the percentage deficits that were delivered by this government over the last two years, had they been delivered by Greece or Italy or any other country that was a member of the European Union, they would have been outside the rules of what was allowable in those countries. Here you have us racking up debt in Australia at a faster rate than what is permitted in the European Union if you are a member of the Euro community. So look at the problems that Greece is facing and the problems we heard about overnight that Italy is increasingly facing; yet, in the last two years, we are racking up debt at a faster rate
than would be allowable if we were Greece or Italy in the Euro community.

Building the Education Revolution was raised. Senator Furner talked about the principals and the school communities who are so welcoming of the new buildings. That is not really surprising, is it? If you were offered a new building, which you did not have to pay for because somebody else was going to pay for it, you are not likely to say that it is not a great thing. All schools need new buildings. In fact, there are worthy causes right across the country. Aged-care homes need new facilities to house the increasing number of people who need the services of aged-care providers. There are worthy causes all over the place, but we cannot afford to go out and spend money on all of them. How do we pay for all of it?

The fact is that the $16 billion spent on what have become colloquially known as the 'Julia Gillard memorial halls' was not affordable or necessary. As welcome as it is and as great as it is, it was not the right thing to do at the time, because Australian taxpayers will be paying for that for decades to come. The infrastructure needs of schools will change and they will need further upgrades, but there will be no money for that because it was all spent two years ago. There will be nothing to spend in the future. And that is ignoring the fact that a lot of the buildings, particularly in New South Wales but also elsewhere, were built to a formula and were not what the school communities really needed. In some cases, they knocked down buildings that were perfectly serviceable just to build new ones, and in other places schools were in desperate need of new buildings. For example, a remote school in Western Australia could not get teachers because it did not have suitable accommodation. They desperately needed some new buildings to accommodate young teachers, but they were told they could not have that because the money that was being provided was not flexible and new accommodation facilities could not be provided. They were told they had to have a new sunshade, despite the fact that they got a new one five years earlier. Ignoring all of that, the fact is that the government overspent. It was money that we could not afford to spend and it really did not deliver the benefits that they said it would.

Senator Furner also raised the issue of the jobs that were saved. If you look at the Treasury modelling which showed how many jobs would be saved as a result of the stimulus package and then you divide that by the cost of those jobs in the stimulus package, it works out at about $350,000 per job. Once again, I really do not think that that is particularly good value. Even if you accept that the jobs that Treasury said would be saved were saved directly by the stimulus—and, of course, we do not—it is still a huge amount per job to actually save those jobs.

Senator Furner also raised the government's response to the floods and was critical of us on that point, and queried why anyone would oppose the rebuilding of Queensland after the floods. We did not oppose the rebuilding. We did not oppose the need for government to come in and help. We opposed the flood levy. The flood levy would not have been required had the government not wasted so much money in the preceding years and taken the government from a position of delivering solid surpluses of $20 billion plus a year to a position of delivering deficits year after year—which would have been in breach of the European Union's guidelines for a member of the euro community.

As for border protection, I could talk all afternoon about the government's approach to that issue. Out of pride and for no other
reason whatsoever, Labor came in and fiddled with the formula that was clearly working, that had stopped the boats. The number of boats that arrived after the Howard government's policies on border protection were put into effect slowed to a trickle. Merely a handful of boats arrived in the years prior to this government making the changes it did. In 2008, it went ahead for inexplicable reasons other than pride and made the changes, did away with temporary protection visas and closed Nauru—changes which basically sent the people smugglers the message, 'We're back in business.' Since then the boats have just not stopped coming. The message got through loud and clear, and the government has been flailing around trying to find an answer ever since to deal with the problem. The big problem it now has is that it is too proud to actually consider the solutions that will work: temporary protection visas, reopening Nauru or similar facilities in nations that have appropriate United Nations protections and turning the boats around when it is safe and appropriate to do so.

Senator FAULKNER (New South Wales) (16:34): This afternoon we debate a matter of public importance claiming that the government of this country does not act in the national interest and the Prime Minister leads without integrity. These claims are as extreme as they are false. Of course, we know that the current federal opposition is the most negative in our history. This is the most negative federal opposition we have seen since Federation 110 years ago. In fact, the current federal opposition has no peer in Australian political history for gilding the lily. It has no peer for hyperbole and histrionics. Its words, I think, are cheap. Its senatorial snake-oil salesmen are cheapened by proposing a matter of public importance like this, using such intemperate and exaggerated language. I am reminded of the words of the eminent American reformer and author John William Gardner, who, in his famous book No Easy Victories, said:

Political extremism involves two prime ingredients: an excessively simple diagnosis of the world's ills, and a conviction that there are identifiable villains back of it all.

He wrote those words in 1968 but, equally, they could have been said about the Liberal Party of Australia of 2011, when it proposes a matter of public importance like this for debate in the Senate today. In my view, the government has shown integrity and the ability to act in the national interest, and it has done so when circumstances are difficult and at a time when driving reform has been unpopular. Australia is confronted with a number of challenges: the challenge of dealing with climate change, the challenge of an ageing population and a decreasing tax base, the challenge of modernising our communications infrastructure so that we remain globally competitive. Meeting these and other challenges does require a government to act in the national interest. Acting in the national interest is not just about telling people what they want to hear to belittle debate around important issues with platitudes and abuse; it is to speak and act while conscious that the need to ensure a vibrant, strong and competitive future for our nation will at times necessitate the courage to undertake reform—and at times that reform can be unpopular—and to make decisions that at times are controversial.

For the first time in our history, Australia will have a carbon price. This has been a long and at times bitter process but it is one that is integral to our national interest. The planet is warming and we must take action. The legislation that we passed today in the Senate ensures that our nation's economic and environmental interests remain secure. On the driest continent on earth, one that is renowned already for its droughts and
flooding rains, this legislation points the way to addressing the impacts of climate change. It is integral to our national interest. It also carries on the tradition of Australia being a responsible global citizen.

The national interest requires that the Australian government act to deliver affordable, high-speed broadband to all Australians and Australian businesses no matter where they live and to do it through the National Broadband Network. The NBN will mean better education, better health care and better access for Australian businesses to the biggest marketplace in human history.

The government has also shown it is willing to stand up to vested interests in the national interest. The minerals resource rent tax will mean all Australians benefit from the resources extracted from our soil. It will enable the government to raise the compulsory superannuation contribution from nine per cent to 12 per cent by 2020, and this is critical for the nation's future as our population ages and as the proportion of retirees compared to those of working age also increases. This reform will ensure that our nation's welfare burden remains manageable. It is prudent and it is a forward-thinking measure. It is in the national interest.

Also, in a period of continued global economic instability, Australia's economy remains strong and stable. The government has avoided the worst of the GFC and continues to chart a safe course during a time of relative instability. Nearly 750,000 jobs have been created since Labor came to office in 2007, and 120,400 more Australians are employed today than were 12 months ago.

Isn't it time for some support and acknowledgement for the efforts of the government by the opposition? Isn't it time for the opposition to break from its relentless negativity? You would never guess, Madam Acting Deputy President, that a few days ago the United Nations Human Development Index was made public and that we rank second to Norway in the world, out of 187 countries. Our citizens are amongst the most satisfied on earth. Our life expectancy is 82 years, just second in the world to Japan's. Australians scored first place in the world for non-income human development. Maybe, just maybe, the Liberals complain too much. Maybe, just maybe, Mr Abbott and his team could say something positive about Australia just for once. Maybe, just maybe, that would be in the national interest.

The ACTING DEPUTY PRESIDENT (Senator Crossin): Thank you, Senator Faulkner. The time for this discussion has expired.

COMMITTEES

Legal and Constitutional Affairs
Legislation Committee

Membership

The ACTING DEPUTY PRESIDENT (Senator Crossin): The President has received letters from a party leader requesting changes in the membership of a committee.

Senator LUNDY: by leave—I move:

That senators be discharged from and appointed to the Legal and Constitutional Affairs Legislation Committee as follows:

Appointed—

Substitute members:

Senator Ludlam to replace Senator Wright for the committee's inquiry into the provisions of the Classification (Publications, Films and Computer Games) Amendment (Online Games) Bill 2011

Senator Hanson-Young to replace Senator Wright for the committee's inquiry into the Deterring People Smuggling Bill 2011

Participating member: Senator Wright.

Question agreed to.
BILLS

Steel Transformation Plan Bill 2011

Second Reading

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

Senator RHIANNON (New South Wales) (16:45): The Australian Greens are strongly committed to ensuring that workers' jobs are secure and industry moves onto a greener footing. The Steel Transformation Plan Bill we have before us tonight is far from perfect. The Greens have looked at it closely. We have weighed up the legislation and it certainly deserves our support. I and my colleagues Senator Bob Brown, Senator Christine Milne and Mr Adam Bandt have paid a great deal of attention to this issue. My own opinion on the need for this legislation has been informed by my many visits to the Illawarra area. In the Illawarra, unemployment is often double the national average. We have seen the downturn in the manufacturing industry impact on this area particularly heavily. Across the nation, 30,000 jobs have gone in the last three months, and the Illawarra is where many of those jobs have disappeared from. The essence of this bill is about a package of $300 million going to the steel industry. One hundred and eighty million dollars of that money will go to BlueScope Steel in the Illawarra. I know that this package will make a difference in terms of the confidence and security that many workers and their families and local businesses will feel and receive.

The Greens will be moving a second reading amendment to this piece of legislation. That amendment would add, at the end of the motion:
and that the Government, in allocating funds under the Steel Transformation Plan, pay particular demand to the Green Jobs Illawarra Action Plan and any other similar plans in other affected regions.

This plan is something that I strongly recommend that members acquaint themselves with. It provides a model that could be used in many other regional areas. At the request of the South Coast Labour Council, Senator Bob Brown and I visited and talked with a number of people on the South Coast about this plan in the context of this legislation. This plan has been developed by the South Coast Labour Council, the University of Wollongong, Illawarra TAFE, the Illawarra Business Chamber and the Australian Industry Group. It is a plan that impressed Senator Brown and me so much that we believed that this second reading amendment needed to be moved. The plan sets out in a great deal of detail the jobs that can come with a shift to a greener economy and greener communities. I very much congratulate all those who participated in devising the Green Jobs Illawarra Action Plan.

A discussion of this plan really has to make reference to the role that the coalition have played since it was first reported that there was consideration that this package needed to be brought forward. You would have to describe their tactics as extreme scaremongering in the steel towns, particularly in the Illawarra and Whyalla, with that extraordinary statement where the Leader of the Opposition tried to make out that he was a friend of the workers while at the same time saying that the opposition would not support this package. Clearly these people from the coalition have no intention of helping workers—no interest in that—while at the same time they are trying to use crude tactics through the media to make out that they are workers' friends.

I was very interested to see how this played out in the Illawarra at a 'no carbon tax' rally, where obviously there was hope by the coalition that they would be able to grandstand in front of the locals. Well, the
locals of the Illawarra saw them coming and are well experienced with coalition people who try and con their way into pretending that they have interest in the working people of this area. In this case, it was Senator Barnaby Joyce and Senator Concetta Fierra—Fierravant—

**Senator Fierravanti-Wells:** Learn to say my name properly if you're going to do it.

**Senator RHIANNON:** I do apologise, Senator Fierravanti-Wells. They attended this meeting in the Illawarra. Probably the reason for that interjection is that this is a sensitive issue. That meeting was a disaster. They left because their position was just so out of touch with the needs of the local people, in terms of both the carbon tax and the Steel Transformation Plan.

The Greens recognise that strong climate action is directly linked to the long-term future of the steel industry in Australia. The rolling out of renewable energy and new electricity grid infrastructure will mean tremendous amounts of steel are needed. There is an important link here. Strong climate action will give the steel industry a huge domestic market. If we get it right, effectively what we can be doing here is protecting jobs in many regional areas, linking the steel industry to the transition plans that clearly will kick in now we have successfully passed the climate package legislation.

Another part of this interesting story is the role of the leader of the Australian Workers Union, Paul Howes. He has called on the Labor government, I understand, not to support this second reading amendment. It is quite a simple amendment. It is an amendment that in no way threatens the legislation. The Greens have been clear that we will support the legislation, but why not improve on it by highlighting the benefits that this jobs action plan could bring?

But here we have had Paul Howes saying that this amendment should not be supported. That is an extraordinary position considering a number of his members were involved, through the South Coast Labour Council, in actually coming up with this plan. So you really have to ask this question about the head of the Australian Workers Union and occasional visitor to Wollongong, Paul Howes: is he putting his personal dislike of the Greens ahead of the interests of his own members and the promotion of job projects in the Illawarra? I again emphasise that the jobs plan goes into a level of detail and that if governments will get behind it—as industry has, business has and the local education institutions have—it will really make a difference and it can be a model for other areas. As I have said, the Greens have made it clear that we will support this package irrespective of what the government does with our amendment. I again urge members of the Senate to give it their support.

The Green Jobs Illawarra Action Plan is an excellent road map. I would like to provide a little bit of detail to senators in terms of how it can help diversify the Illawarra economy in quite concrete ways that will promote long-term jobs growth in sustainable industry. Some of the aspects of the plan include the Green Street Project, retrofitting iconic public buildings, and clean energy systems. The detail is set out there, and the jobs that would be provided are quite clear. So this is something that is a winner and I really do challenge the government: why would you not support a plan that has all the components that we so often hear from Prime Minister Gillard down, where you want the workforce coming together with local business to promote the needs of their community? This is a plan that gives practicality to the important legislation that went through today. There is also a challenge
here for the leader of the Australian Workers Union, Mr Howes: if he continues to oppose an amendment that backs a job creation plan, he risks being seen as putting his sectional Labor interests before those of his members, workers and their families in steel towns.

Today is a great day for Australia. We have a climate plan that has been passed into law. Now this Steel Transformation Plan is about to go through and that provides an opportunity to highlight practical measures to implement a green economy if we add this amendment to it. It is simple, there is no obligation and it means we can highlight something that can be a model to many regional areas that we are know are doing it tough and could well be facing greater hardship depending on how the current economic crisis goes.

The ACTING DEPUTY PRESIDENT (Senator Crossin): Senator Rhiannon, I just want to clarify whether you are moving that amendment by Senator Milne or whether she is going to do it when she speaks.

Senator RHIANNON: Senator Milne will move the amendment. For practical reasons I had to speak before her, but she is leading for the Greens in this debate.

The ACTING DEPUTY PRESIDENT: All right, we will wait until she moves that amendment. Thank you, Senator.

Senator FIERRAVANTI-WELLS (New South Wales) (16:55): The Steel Transformation Plan Bill was an afterthought to the clean energy package. We are dealing with it separately because it was not part of the original package. It was dreamed up when there was an outcry about the carbon tax and the Gillard government scrambled to garner support from the very people who had helped it limp into power—in other words, the unions. It exists to stem the tide of damage caused to the steel industry by the carbon tax. How embarrassing was it for the government when Paul Howes and his AWU buddies did not publicly support the carbon tax! Why? Because they knew it was a jobs killer. That 'faceless man' had his fingers all over this. The Prime Minister knew that she had to get Paul Howes onside, so we now have this $300 million plan. It would shore up support in steel electorates and help the member for Throsby, Stephen Jones, and the member for Cunningham, Sharon Bird, who were elected with the Prime Minister on the lie of 'no carbon tax'. It is a lie we will never forget.

The Steel Transformation Plan was to get Paul Howes onside so he would publicly back the carbon tax. You only need to compensate somebody when you hurt them. If you do not have a tax, you do not have a need for compensation. In the Illawarra and in Wollongong, there are 4,740 mining jobs and 21,195 manufacturing jobs. Where is the assistance plan for these workers? The plan provides assistance to only two companies, the two biggest Australian steelmakers, BlueScope and OneSteel. It does not provide a cent to the remaining steel businesses that employ 80 per cent of Australia's steelworkers.

There are five basic flaws with this plan. Flaw No. 1: the only reason the plan is being introduced is to limit some of the damage caused to the steel industry. If there were not a carbon tax, there would not be a need for this kind of compensation in the first place. On 10 October 2011, Greg Combet admitted the establishment of the Steel Transformation Plan had been driven purely by the carbon tax when he said, 'The negotiation of the Steel Transformation Plan did come out of the discussions we've had with the steel companies for months now over the carbon price issue.' Flaw No. 2: only two firms qualify. Under the plan, only two firms—as I said, BlueScope and OneSteel—qualify for assistance because of the definition of
'eligible corporation' in clause 4 of the bill. In other words, this plan provides a re-run of the mining tax renegotiation debacle where a handful of big players were the only ones to benefit from Ms Gillard's alleged compromise on the original proposal. Every other steel business, including thousands of steel fabricators all over the country—many of them longstanding businesses that have operated in Australia for several decades—will not receive so much as a single cent of assistance under this legislation. Of course, while calculations of the precise numbers of businesses are difficult, we do know that in 2006-07 there were around 91,000 employees across the entire Australian steel industry chain. This is despite the fact that many such firms are currently facing an enormous range of costs and pressures which will only be exacerbated by the introduction of the carbon tax. This is not a plan for transformation of the steel industry. It is merely a bandaid to stave off the inevitable.

Flaw No. 3: the entire package could be exhausted within one year and one day of the introduction of the carbon tax. The plan provides for $300 million of assistance over the four-year period 2012-13 to 2015-16. However, this could theoretically all vanish within just one year and a day, because as much as $164 million can be paid out in advances before the carbon tax is even introduced and as much as $75 million can be paid out each financial year. In other words, you could have the situation where at least $150 million could be paid in advances and then the balance could potentially be paid out at any time during the first two financial years.

Even if the package does eventually last for around four years, there is also another fundamental question remaining: what is the government going to do to compensate BlueScope and OneSteel once the $300 million runs out? The so-called compensation through this plan is, as I said, just delaying the inevitable exposure of local steel production to cheaper, non-carbon-taxed steel imports.

Flaw No. 4: the amount of assistance available through the plan is completely dwarfed by the loss of share values of BlueScope and OneSteel since the announcement of the carbon tax. The government announced the establishment of the plan as part of the release of a range of details associated with the carbon tax on 10 July, yet that entire amount was wiped off BlueScope and OneSteel's combined share values on the stock market on the very next day, and then another $100 million on top of that was gone the day after.

Flaw No. 5: Labor cannot even get its own line straight on the plan. Various statements from Labor politicians, in government documents and on government websites, provide conflicting details about the length of time covered by the plan. Clause 12 of the Steel Transformation Plan Bill 2011 clearly states that the plan covers a four-year period. However, on 12 July, a joint media release was issued by Mr Combet, Ms Bird and Mr Stephen Jones, which stated:

... the Government will introduce a Steel Transformation Plan which will deliver assistance worth up to $300 million over five years to encourage investment and innovation in the Australian steel manufacturing industry.

On 29 July, Mark Dreyfus said the steel plan would provide assistance over five years, but official government websites say that the plan will operate over six years. Also, there is no explanation or requirement in the legislation forcing steel compensation recipients to reduce carbon emissions, despite numerous statements from the
government that this is the primary objective of the bill.

Let me return to the Illawarra. This plan does not provide a cent to help the small and medium sized businesses that employ 26,000 people in the Illawarra in mining and manufacturing. I attended the meeting in the mall in Wollongong in July, with my colleague Senator Joyce, and was heckled by the usual union thugs dressed up as workers. We went to tell the people of the Illawarra that the coalition would not support the tax and we have shown them today that we are true to our word. We have voted against this tax. I told them then that I would be voting against the Steel Transformation Plan and that all it was was a sop to Paul Howes.

Only a month later, it was with a heavy heart that I learnt that BlueScope was reviewing its domestic steelmaking production capacity. BlueScope Steel did not have to wait for the carbon tax to review its operations. In its announcement to the Australian Stock Exchange, the company named the ongoing macroeconomic challenges of the high Australian dollar, high raw material costs and low price as the reasons for its write-down of $900 million. But, notwithstanding this, the Gillard government persisted with its carbon tax. The price of minority government for the Prime Minister is to give the Greens what they want. They wanted a carbon tax and they got themselves a carbon tax, but the Illawarra does not support a carbon tax.

I refer Senator Rhiannon to the IRIS Research Economic report September 2011—carbon tax, which I have mentioned before, which shows that only a mere 15 per cent of local firms surveyed support the carbon tax. As part of the September quarter Illawarra business survey, IRIS Research asked almost 300 local businesses about their feelings towards the carbon tax. Four out of five large businesses, 82 per cent, surveyed in the Illawarra do not support the carbon tax. Two-thirds of small businesses in the Illawarra are against the carbon tax. Almost three-quarters, 73 per cent, of medium sized businesses do not support the introduction of a carbon tax. What will the Prime Minister tell all of them next time she visits the Illawarra? What will Mr Stephen Jones and Ms Bird tell their electorates today? Will it be more crocodile tears, like the last time Ms Gillard visited? The businesses have lost confidence, just like Australian people have lost confidence, in the Gillard-Greens alliance government. More than two-thirds of local businesses in the Illawarra believe that the carbon tax will have a negative impact on them.

Is it fair? Is it justified? Judging by the lack of detail revealed by the government in this debate, it is hard to tell, but it did make a headline for Mr Howes to stand outside my office in Wollongong on 12 October and take the usual cheap shots that they do when they turn up at my office. Mr Howes threatened me. He said:

If MPs like Ms Fierravanti-Wells vote against the Steel Transformation Plan in the Senate, they should be run out of town.

Well, Mr Howes, I am voting against it, and I will just wait for you to turn up to my office again and see. Just try and run me out of town. I think you will have a problem. Of course, Mr Howes has not apologised for this threat, nor has the Prime Minister seen fit to reprimand him for his reprehensible behaviour.

The carbon tax will go on and on, but the steel assistance will run out. It will be reviewed by the Productivity Commission as part of its review of emissions-intensive trade-exposed assistance in 2014-15—another review. This government cannot get through a week without a review. It is either superconfident that it will still be in
government in 2014-15 or it knows that the whole carbon tax and the steel assistance plan will be a debacle. Of course, the Productivity Commission is the government's default too-hard basket, as we have certainly seen in my own portfolio area of aged care.

Even before the carbon tax had begun, the Steel Transformation Plan was raided by a desperate government. If there was any doubt that the plan was just a slush fund to keep Paul Howes in his job, we need only turn to the fact that it took four ministers plus the Prime Minister to make the announcement on 22 August that the government was going to provide some practical assistance following the BlueScope Steel decision to reduce its operations. I quote:

These support measures are in addition to the new advance facility announced by the Government today that will allow BlueScope to bring forward up to $100 million of payments under the Government's Steel Transformation Plan.

In other words, 'Let's raid the Steel Transformation Plan even before it begins.' Of course, part 2, clause 5 of the bill allows an eligible corporation to apply to the minister for a payment of financial assistance—what is called the 'competitiveness assistance advance'—to help that corporation 'undertake activities that will significantly enhance the competitiveness and economic sustainability of the Australian steel-manufacturing industry in a low-carbon economy'. What a load of twaddle that is. But BlueScope and OneSteel are the only two corporations eligible for assistance. The money is supposed to make them more competitive. The so-called compensation offered through the plan just delays the inevitable exposure of local steel production, as I said, to cheaper, non-carbon-taxed steel imports. Take a look at the share prices of BlueScope and OneSteel. On 23 February, OneSteel's shares were $2.86. On 2 September, the price had dropped to $1.52. BlueScope's shares were worth $2.20 on 23 February. On 2 September, the shares were down to a mere 83c. Yes, the industry is under pressure now, and in Wollongong BlueScope has restructured, with over 1,000 workers being made redundant. But, as I said, only the two largest firms qualify for assistance, leaving thousands of other businesses not eligible to get one single cent.

As I indicated, from the coalition's perspective the carbon tax will not last a day under a coalition government. But it will last forever under this government—but the compensation will not. The Steel Transformation Plan Bill, in part 3, clause 13, says that the total amount of the planned payments must not exceed $300 million, and of course the money will run out. If all the money is gone by 1 July, which is theoretically possible, there is no more money available for industry assistance through the life of the plan. Talk about policy on the run to appease union mates. Some, more unkind than me, would call this plain old pork-barrelling.

But union bosses have not always had their members' interests front of mind. This chamber has heard various matters pertaining to the Health Services Union, and of course this is Labor's way. Again I quote Richo: 'whatever it takes'. Where is Peter Beattie in all of this?

Senator Ian Macdonald interjecting—

Senator FIERRAVANTI-WELLS: Mr Beattie was appointed as the Resources Sector Supplier Envoy—what a name, Senator Macdonald—on $1,000 a day. We have not heard a lot from Mr Beattie lately. Perhaps the Greens will ask for an inquiry to gauge whether the resources sector is getting value for money with Mr Beattie.

While the demise of the steel-manufacturing industry looms in the Illawarra thanks to the Gillard-Green carbon tax, workers should
sleep well knowing that their champion, Arthur Rorris, has been taking time to write to the President of the Senate informing him of a decision of the South Coast Labour Council of 17 August. So what was the most pressing matter consuming the South Coast Labour Council recently? Was it the continuing presence of the steel industry in the Illawarra, the ongoing success of manufacturing in the Illawarra or the effects of the carbon tax on mining in the Illawarra and the flow-on effect to workers? Surely it is one or all of the above! No. Mr Rorris, in his capacity as Secretary of the South Coast Labour Council, wrote to Senator Hogg to inform him of the council’s 17 August response to the Senate’s resolution on—wait for it—Palestine. I will not put on the record the nature of that correspondence, but that is right, workers of the Illawarra: your South Coast Labour Council is more interested in what is happening in the Middle East than in your jobs and your jobs going down the gurgler as a consequence of this carbon tax. Of course the Middle East is of importance, but the South Coast Labour Council should be worried about its members—its workers in the Illawarra—and the workers and families of the Illawarra. They want to know how this carbon tax is going to affect their lives. How will it help put food on the table and a roof over their head—or will it stop them from doing that?

This government has betrayed the workers and the families of Australia. It has betrayed the people who voted for it on the promise of no carbon tax. The people were lied to, and they have been hoodwinked by a Prime Minister and a government captive to the Greens, whose only interest is in social engineering. Today is truly a sorry day for Australia. Will the Steel Transformation Plan reduce carbon emissions? No, it will not. There is no explanation or requirement in the legislation forcing the two companies eligible for steel compensation to reduce carbon emissions in exchange for assistance. Of course, that is what Labor would have us believe—that every word in these bills is designed to reduce carbon emissions. That is what the Gillard government and the Greens have told us. That is what people think that they are getting, but they are not. As we have seen in recent days and throughout this debate, we are getting legislation from a government whose ministers are not across the detail. We are getting yet another grubby deal between the Greens and the Australian Labor Party. This was the price that Julia Gillard paid for the keys to the Lodge.

This has nothing to do with climate change. It is not about helping the workers of Australia. It is not going to help Australian families. It is certainly not going to help the steelworkers of the Illawarra. It is not going to help Australia, and it is certainly not going to help the planet. This is about one thing and one thing only. This is about a government that, true to its Australian Labor Party tradition, will always do—as its grand master, former Senator Richardson said to it—‘whatever it takes’. If it takes a very big lie that is what they will do. That is what they have done. They did not even blink. The Prime Minister did not even bat an eyelid when she lied to the Australian public and told them, ‘There will be no carbon tax under the government I lead.’ Ms Bird in the Illawarra did not bat an eyelid when she went along with it. Stephen Jones, the member for Throsby, did not bat an eyelid when they were elected on a lie. We will make sure that the Australian public at the next federal election have a mandate on this toxic carbon tax. (Time expired)
who has her office there and actually works in the interests of the people of that area. I
know Senator Fierravanti-Wells and her staff
do a lot of work to help the people in that
area, because quite clearly the current Labor
incumbents—and I emphasise 'current'—of
the lower house seats there are not interested
in their constituents.

Senator Fierravanti-Wells interjecting—

Senator IAN MACDONALD: Indeed. Judging
from the visits, the local member is
worried—and well she should be. But,
Senator Fierravanti-Wells, you do a fabulous
job there. Congratulations. Thank you for
looking after that group of Australians who
would be otherwise unrepresented in this
carbon tax debate.

I note that Senator Fierravanti-Wells
mentioned that Mr Paul Howes, the AWU
supremo, has threatened to run her out of
town. Mr Howes, those sorts of bullyboy
threats might work in a union meeting but
they will not work on Senator Fierravanti-
Wells. I can assure you of that, so save it for
your next union meeting. Save it for when
you want to put down some of your troops
who are rebelling at the lack of interest the
AWU has shown in their futures. Right
across Australia, AWU members are leaving
the union in droves because they understand
that Mr Howes and his cronies are only
interested in the Labor government and their
mate Julia Gillard and are not interested in
the interests of the workers of our country.

In discussing this Steel Transformation
Plan Bill, I want to start off by doing
something fairly unusual for me, and that is
to thank the Greens political party for
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because, while I was pretty confident the
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In the Illawarra, whilst there were plenty
of reasons for state Labor members to be
defeated at the last state election, the carbon
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in some of the electorates in the Illawarra at
the last election. We all know that there were
seats that had never, ever in the 150 years
of the New South Wales parliament been held
by Liberals in the Illawarra area. But there
was an 18 per cent swing. It had never been
heard of in the history of Australia—swings
to the Liberal Party in that part of the world.
These are the seats of the steelworkers.
These are the seats of the traditional Labor
Party supporting blue-collar workers. They
came to the Liberal Party in droves and that
has meant that now in the New South Wales
state parliament there are two or three
Liberal members in an area where there have
never been Liberal members before. Thank
you for the carbon tax. Thank you, the
Greens, for doing that. What you did in the
New South Wales state election will be
replicated with bonuses at the next federal
election.

As my colleagues in this debate have said,
if there was not a carbon tax you would not
need a compensation plan. If you ever need any demonstration of the toxic impact of this tax on Australia, have a look at what is happening in the steel industry. Two particular companies, BlueScope Steel and OneSteel, are the beneficiaries of this $300 million package. As soon as they knew about the carbon tax they knew that they were in trouble. In fact, Mr Combet, the Minister for Climate Change and Energy Efficiency, said that the negotiation of this steel transformation plan that is being put into effect by this bill we are debating at the moment came out of discussions they have had with the steel companies for months now over the carbon price issue. So there is absolutely no doubt about the connection between the carbon tax and the difficulties being experienced by OneSteel and BlueScope Steel. I guess I should say to those two companies and their shareholders: ‘Good luck. This government is a bit of a pushover when Paul Howes and the Australian Workers Union click their fingers.’

But what about all the other steel businesses in Australia? The thousands of steel fabricators all over this country, many of them longstanding businesses that have operated in Australia for several decades, will not receive a single cent of assistance under this legislation. I am very concerned for all those steel fabricators in my home state of Queensland, the state that I represent here in the Senate. I am also concerned for those steel fabricators who operate right across Northern Australia, an area for which I have responsibility for the coalition. And you, Madam Acting Deputy President Crossin, would know many steel fabricators in the Darwin area who will be very, very concerned about the fact that this carbon tax will make life very difficult for them. But they are not getting a cent of compensation. It is the big guys that Senator Brown always criticises that are going to be getting the $300 million taxpayer funded leg-up.

The Labor Party and the Greens are continuing their support for the big end of town. Senators do not need me to remind them that, when the flood tax was being imposed on ordinary Australians, the Labor Party and the Greens absolved OneSteel and BlueScope Steel from payment of a tax that all ordinary people had to pay. All of the steel fabricators around Northern Australia and in Queensland had to pay the flood tax. But did these big companies—BHP, Rio, Xstrata, Woolworths or Coles—have to pay the flood tax? Of course not! They are the big end of town, which the Greens and the Labor Party like to support. We know why the Greens have now become the party of the big end of town. It is because they get donations of $1.6 million from the big end of town. We can understand why in the Greens' minds it is a quid pro quo. The big end of town give the Greens big donations—the biggest single donation ever in Australian political history, I understand. And what do they get in return? They get supported by the Greens and the Labor Party.

I am glad to see that Senator McLucas is in the chamber. She sometimes lives up in Cairns and represents that area—so she says—in the Senate. Did I hear her raise her voice for the steel fabricators in the Cairns region? Good heavens Cairns is in difficult times at the moment. There once were some very good manufacturing industries in Cairns. I do not need to remind any North Queenslanders that Cairns used to have a great shipbuilding industry—a very successful shipbuilding company that put in a contract for the air warfare destroyers. And they had been given a wink and a nod that they had succeeded. Wouldn't it have been wonderful for Cairns if that shipbuilding industry, which had been going for so long and had employed so many blue-collar workers and tradesmen, could have continued.
But what happened? The state Labor government withdrew a $20 million guarantee—which the Victorian government gave, just like that, so that the contract would go somewhere down near Julia Gillard's electorate in Victoria. And what did the Labor Party people in Cairns do? Mr Turnour said nothing and, of course, he got thrown out at the last election—and well he should have, for this incident alone. And what did we hear from Senator McLucas? Not a pipsqueak. There was a manufacturing industry in Cairns that has now all but disappeared because the state and federal Labor governments did not have the courage to go ahead and give that contract to the Cairns shipbuilding works. The bureaucrats had given a wink and a nod and had actually come down to Newcastle to sign the contract. But at the last minute the federal Labor government did not have any courage, did not have any support, and obviously was not being supported by the so-called Labor representatives of the Far North Queensland area. We heard nothing from Senator McLucas and nothing from them, and the contract went elsewhere. As I recall, 300 jobs vanished overnight, and Cairns is now in real difficulties.

But there are other steel fabricators in Cairns. Have I heard Senator McLucas arguing their case? Are they going to get something out of this $300 million largesse? Madam Acting Deputy Speaker, you are from Darwin. And I do not think I have heard you too often standing up for the steel fabricators in Darwin. And I do not think I have heard you too often standing up for the steel fabricators in Darwin. Are they going to get anything out of this $300 million package, or is it only the big end of town—OneSteel and BlueScope—that are going to receive the benefit of the largesse from the Greens party and the Labor Party?

As I say, good luck to them. When Mr Howes clicks his fingers Ms Gillard says, 'How high do you want me to jump?' and they have got a few hundred million dollars—which, I might say, could well be spent within 12 months of the carbon tax coming in. It is really hush money to Mr Howes, I would have thought. But good luck to them.

What I am more concerned about is: where is the special package for the sugar industry? The sugar industry, particularly where I live in the Burdekin, grows the best sugar cane in the world. Why? They are dry but they have got plenty of underground water in the Burdekin delta. But they have to pump the water up, and that costs electricity. With this carbon tax, the electricity costs of the cane farmers in the Burdekin, and right throughout North and Far North Queensland, are going to skyrocket. They are price takers. They cannot pass on their price of production to the world market and say, 'Hey, fellas, my cost of production has gone up because the Labor government back home put on a carbon tax that has skyrocketed the price of electricity.' They cannot say to the world market, 'You've got to pay us a bit more.' They are price takers, they have got to take the market price, but their costs keep going up. I have heard, Senator McLucas, that you come from up that way; you know a few cane farmers. What is the package for the cane farmers? There is nothing I have heard said anywhere. In the debate on the carbon tax Senator Wong could not tell me. I asked her the question and she started talking to me about milling costs. She clearly does not understand that the milling part of the industry is quite different to the growing part of the industry. It is about the growing part of the industry that I want to know: where is the special $300 million package for them? It is okay for the big end of town down at Wollongong. What about Far North Queensland, Senator McLucas? What about North Queensland industry generally? Do we have any champions in the Labor Party for
that? We do not, clearly; it is a rhetorical question.

I ask Senator McLucas the same question about the tourism industry. We have seen the passing of this iniquitous tax, the carbon tax, this morning. We heard ramblings from the Greens about how this is going to save the Barrier Reef. We are going to cut five per cent of 1.4 per cent greenhouse gas emissions and somehow that is going to save the Barrier Reef—a reef, I might say, that has been there for millions of years and has been adapting for millions of years. But the Greens, with their perverted view on life, tell us that this new carbon tax that is going to add to the cost of living is somehow going to save the Barrier Reef. We know it will not, but what we do know is that the cost will go up for tourism operators in Cairns in particular and indeed right up and down the Queensland coast, where tourism operators and small business make their livelihoods out of the Barrier Reef. Their cost of fuel is going up. Their cost of power is going up. Their air-conditioning costs will be going up. Their costs across the board will skyrocket.

Do we have a special $300 million tourism transformation plan for the North Queensland tourism industry? Do we have a special $300 million sugar cane transformation plan for the sugar industry? No, because Mr Howes does not look after them. He claims to look after the Illawarra steel industry. Perhaps Mr Howes does not know this—he is too involved running around propping up the Gillard government and making sure that the next leader of the Labor Party is one that he approves—but I should tell him that the AWU used to be the voice of the sugar-growing industry, back in the old days when there were a lot of cane cutters and other manual workers. They are still there, but very few of them want anything to do with the AWU these days because they know that all the AWU is interested in is getting people like Senator Ludwig a seat in the Senate through his old man, big Bill Ludwig, who for many years was the supremo of the AWU, and of course that Mr Howes is playing politics down there, telling the Labor Party politicians who they can put in as Prime Minister and who they cannot.

But I digress from my point: where is the compensation for these other industries that are so important to my state of Queensland? Where is the compensation for Central Queensland—the Mackay region, where there are so many small businesses, so many steel fabrication businesses, that make their living out of the Central Queensland coalfields. This coal tax, as the coal industry have told us, as the mining resources council have told us, will mean that over the years there will be a diversion of investment from Queensland and Australia to places that welcome those industries, like many of the countries in Africa. The Greens and the Labor Party seem to think that Australia has this God-given right to be exporters of coal, steel, iron ore, uranium, copper, lead and zinc to the world. Little do they realise that Australia is pretty small fry when it comes to the export of minerals. There are plenty of opportunities for international investors to invest in other parts of the world. Things like this carbon tax and the mining tax will chase the investors away, and the Labor Party and the Greens would, if they were going to be in power for long, rue the day that this happened.

I conclude where I started. This is most unusual for me but thank you, Greens political party, for imposing this carbon tax on the Australian Labor Party. It is a shame that the Australian Labor Party are now so without intestinal fortitude that they are easy marks for the Greens political party, but I have to thank the Greens. They have made the result of the next election a forgone conclusion, and I do give them thanks for
that. Better still, for Australia it is great, because we will get rid of this government and not only give decent government but get rid of this toxic tax as the very first action of a new, incoming, Abbott government.

Senator EGGLESTON (Western Australia) (17:35): The Steel Transformation Plan Bill 2011 is one of the band-aids on the bullet wound inflicted by the carbon tax on the people of Australia. It will establish a legislative framework for a transformation plan for the steel industry which will provide an entitlement program of $300 million over four years. The rhetoric in the bill's outline says the legislation will: … support the Australian steel manufacturing industry to ensure its long-term economic and environmental sustainability in a low carbon economy.

In truth, it is nothing but an attempt to limit the haemorrhaging that the steel industry will suffer at the hands of the carbon tax. It should not be lost on the parliament that the very definition of compensation, according to the Oxford dictionary, is an award:

… to someone in recognition of loss, suffering, or injury.

The steel industry will be subject to loss, suffering and injury from this carbon tax. The carbon tax will certainly have a very adverse effect on our domestic steel industry. If there were no carbon tax there would not be a need for this kind of compensation in the first place.

On 10 October this year the Minister for Climate Change and Energy Efficiency, Mr Greg Combet, admitted the establishment of the Steel Transformation Plan had been driven purely by the carbon tax when he said, 'The negotiation of the Steel Transformation Plan did come out of the discussions we've had with the steel companies for months now over the carbon price issue.' So he is admitting that the carbon price is really going to hit and hurt the Australian steel industry. Mr Combet did say 'companies', suggesting that he was talking about more than one. He was correct. Just two firms qualify for assistance under this particular legislation, so it is pretty limited support.

Only two Australian firms—BlueScope Steel Australia and OneSteel—will qualify for the assistance, due to the narrow definition the government has used for 'eligible corporation'. Under the Steel Transformation Plan, Labor has abandoned the majority of firms in Australia's steel industry, with all of the proposed carbon tax assistance set to go exclusively to the two largest domestic steel manufacturers. Too bad for the smaller companies! Too bad for their employees! Too bad for their owners!

An eligibility criterion for compensation under this bill requires an applicant to have produced at least 500,000 tonnes of crude carbon steel annually since 2009-10. As I said, in Australia only two companies meet that criterion: BlueScope Steel Australia and OneSteel. This means the remaining businesses, which employ about 80 per cent of Australia's steelworkers, will not benefit under this plan.

Every other steel business will not receive a single dollar of compensation. Hundreds of steel fabricators spread right across Australia—the single-operator firm, for example, probably built with the sweat and tears of the owner and his family, through to the two- or three-family companies—will not be compensated. They will get not a dollar, not a cent—nothing. I think that is some kind of reflection on the attitude of the Labor-Green government to smaller companies and their workforces. This is despite the fact that many such firms are currently facing an enormous range of costs and other pressures, which will only be exacerbated by the introduction of the carbon tax. It is estimated...
that a total of some 91,000 employees across the entire Australian steel industry chain will be left out in the cold. I hope the government, with their Green coalition supporters, feel proud of that!

The government's ludicrous legislative planning does not stop there, however. This entire assistance package for the two big miners could be exhausted within one year and one day of the carbon tax's introduction. While the legislation provides for $300 million of assistance in total over the four-year period from 2012-13 to 2015-16, the money could theoretically all vanish within just a year and a day. This is because, firstly, as much as $164 million can be paid out in advances before the carbon tax is even introduced; and, secondly, as much as $75 million can be paid out each financial year. That is to say, you could have the situation where at least $150 million could be paid in advances and then the balance could potentially be paid out at any time during the first two financial years.

Even if the package does eventually last for around four years, there is another fundamental question which remains—namely, what is the government going to do to compensate BlueScope Steel Australia and OneSteel for the carbon tax once the $300 million runs out? Fortunately, the coalition will come to the government's rescue here. The coalition have vowed to rescind the tax in government, and that is what we will do. When we are in office we will be able to assist these industries.

In the meantime we should not forget that even as BlueScope Steel Australia and OneSteel might be the only companies to receive government assistance, the multibillion dollar firms will still feel the devastating impact of the government's carbon tax on their bottom lines. The day after the government announced this $300 million compensation package for the steel industry, $300 million was stripped from the companies' share values. The reaction from the Australian public and investors around the world did not stop there. The next day another $100 million disappeared from the share value. People both in Australia and abroad were voting with their pockets.

So let's not fool ourselves. When the Labor-Greens government talks about a low-carbon economy or a carbon constrained future, they are talking about three things. Firstly, they are talking about an economy where households and businesses pay a lot more—more for groceries, more for fuel, more for electricity and water. More, more, more for everything else. Secondly, they are talking about a community where there is less use of private cars and increased strain on public transportation services. Thirdly, they are talking about an economy where industries in which electricity is a key input of production, like steel and aluminium—aluminium is, after all, described by some people as solid electricity—will become nearly extinct in Australia because those industries will move to more congenial countries where they do not have to carry the burden of a carbon tax. Beyond the costs to families there will be costs to jobs, businesses and the economy in general. The Labor-Greens carbon tax is going to devastate the Australian economy at every turn—households, businesses and jobs. This great big new tax will be imposed on Australian businesses and consumers when no similar tax is going to be imposed on the populations and businesses of our international competitors. This tax is supposed to morph into an emissions trading scheme in 2015. But, from what we hear, none of this country's major trading partners—China, South Korea, Japan, the United States and India—are going to have emissions trading schemes. That will mean
the Australian consumer will bear the enormous cost of this emissions trading scheme.

I was at the CHOGM business forum last week or the week before in Perth and I went to the roundtable with Indian business. I mentioned the fact that I thought this carbon tax would be passed through the Senate in this two-week sitting and I asked the Indian business people whether it was proposed that India should have a carbon tax or an emissions trading scheme. They simply shook their heads in disbelief and said, 'Of course not.' In 2008, I attended a renewable energy forum in Beijing at which, in the last session, I asked the delegates from China, Japan and South Korea whether they would have an emissions trading scheme or a carbon tax. In saying they would not, they added that they saw no reason why they should handicap their economies and add to the cost of doing business in their countries. So when this carbon tax moves on to stage 2, if it does, in 2015, to an emissions trading scheme, it is going to exacerbate and compound the disadvantage felt by Australian business as a consequence of the imposition of these measures today.

BlueScope Steel's Chairman, Graham Kraehe, says Labor's proposed compensation deal for emissions intensive and trade exposed industries is like putting 'a bandaid on a bullet wound'. We do have many trade-exposed emissions-intensive industries, and I think all of us would remember dealing with the problems they faced when the CPRS legislation was before the Senate. That was one of the principal reasons why the Senate voted down that legislation.

I think this is a sad day for Australia. It is a black day for Australia. But, most importantly, this is a day the Labor Party and the Greens will live to rue, because a great burden is being imposed on the Australian people. They are going to increase the cost of consumer goods, they are going to decrease the competitiveness of Australian industries and, most importantly, they are going to cost a lot of people's jobs.

Senator THISTLETHWAITE (New South Wales) (17:48): I of course support the Steel Transformation Plan Bill 2011 because I support the ongoing viability of an Australian domestic steel industry. I also support steelworkers, their families and their communities. I have seen just how important BlueScope Steel, this wonderful steelmaking facility, has been over the generations for the Illawarra, in providing support for the economic, cultural, social and sporting development of that wonderful region of the state of New South Wales.

I also believe that as an economy, as a people, we can make a transition to a clean energy future whilst at the same time maintaining a viable steel industry and, indeed, viable industries of production in manufacturing throughout this country, continuing to produce high-quality steel for sale in both domestic and export markets and investing in new technology and new production methods.

I have watched this debate with interest this afternoon and I have found the contributions of a number of opposition senators in this debate highly amusing—highly amusing because they pinpoint their inconsistency and their downright hypocrisy on this issue and other important policy areas. I found it particularly amusing that Senator Cormann got up in this place and sought to criticise the government for putting this set of bills forward. He claimed that it was a massive, unjustified subsidy to the steel industry in Australia. Well, if you want to talk about massive, unjustified subsidies, you need look no further than the coalition's direct action policy: an $11 billion massive, unjustified subsidy to the biggest polluters in
this country, an $11 billion handout on a whim, in the hope that those polluters may reduce their emissions over time. There is no investment at all in incentives for other producers to reduce their emissions.

Then we had the inconsistency from Senator Macdonald in his contribution to the debate, railing against the Labor Party saying that we are supporting—(Quorum formed)—As I was saying, Senator Macdonald's inconsistency on this issue is highly amusing because he came into this chamber and railed against the Labor Party with this bill, attempting to claim that through this Steel Transformation Plan we were supporting the big end of town and ignoring the smaller producers and smaller companies in this country. If you want an example of a party supporting the big end of town and ignoring the welfare of the wider community, look no further than the refusal of those opposite to support the minerals resource rent tax, which is squarely aimed at ensuring that the big miners—'the big end of town', as Senator Macdonald calls it—in this country pay their fair share and that the revenue that is generated from that proposal is redirected to supporting superannuation entitlements for workers in this country, tax breaks for small businesses, and infrastructure in rural and regional communities.

The Australian steel industry has a very long and proud tradition of growth and innovation. It is an industry that is vital to our economy. It has been said that the use of steel increases proportionately to the development of the standard of living of a country, and we need to look no further than our major trading partner, China, to see evidence of that fact. In 2006-07, the industry employed 91,000 workers and had revenues of $29 billion. But, despite these impressive figures, the Australian steel industry is facing uncertain times. High exchange rates and lower growth rates in the Australian construction industry are taking their toll. And this economic susceptibility was highlighted in August this year when OneSteel announced a loss by its steelmaking division of $185 million for the 2011-12 financial year before interest and tax. At the same time, the company unfortunately also indicated that they would shed 400 jobs across the country, half of which would come from its steelmaking operations. Then unfortunately, just days later, came the announcement of BlueScope Steel that, following a $1 billion loss, it was exiting the steel market for export to focus on the domestic steel market.

Australian steel is also said to be in an area of the Australian economy which is more exposed and less able to pass on the impact of the carbon price than others. That is why the government has taken note of these devastating consequences and areas of weakness and, more importantly, has responded in the form of the Steel Transformation Plan Bill to ensure the future of this great Australian industry.

The Steel Transformation Plan will help the steel manufacturers to restructure their businesses in order to assist the industry to be viable and sustainable in Australia. The object of the bill is to encourage innovation, investment and competitiveness in the Australian steel manufacturing industry, to assist the industry to transform itself, to transition into a clean energy future—into an efficient and economically sustainable industry in a low-carbon economy. The plan will achieve this in a way that improves environmental outcomes and promotes the development of workforce skills. The plan provides assistance to participants for investment in eligible research and development, plant and equipment, and productivity.

The bill contains two elements. The first element provides support through a
competitiveness assistance advance of $164 million for 2011-12. The second provides for a $300 million entitlement self-assessment scheme over the five years from 2012-13, and entitlements under this element will be reduced by the value of any competitive assistance advance payments.

There has been some debate and, indeed, some confusion amongst those opposite regarding how many years the Steel Transformation Plan will operate—that is, in which financial year it will conclude. The plan will operate over six payment years from 2011-12 to 2016-17. There is no confusion about the term of assistance under the $300 million plan. As was announced on 10 July 2011, payments under the self-assessment component of the Steel Transformation Plan will be made six months in arrears. Therefore, the eligible activity period will be a four-year period from 2012-13 to 2015-16, whereas the payments period is for a five-year period from 2012-13 to 2016-17. As announced on 22 August 2011, the competitive assistance advances will also be available in 2011-12. So, accordingly, both elements together under the transformation plan will be made available over six payment periods of six years from 2011-12 to 2016-17. This Steel Transformation Plan Bill, along with other elements of the clean energy future legislative package, demonstrates the government's commitment to securing the future of this strategically vital sector within the Australian economy whilst transitioning to a low-carbon economy.

It is also encouraging to hear words of support from the industry itself, thankful that the government have responded to help them move forward into a more sustainable, productive and prosperous future. BlueScope Steel has praised the government for recognising the company's longstanding call for a sectoral approach to the carbon tax. The company's managing director and chief executive officer, Paul O'Malley, said:

The Government has listened to our arguments and our deep concerns about the carbon tax. In the STP—the Steel Transformation Plan—it has produced a package that, if implemented as explained to us, deals with the steel sector's carbon tax issues in a significant way for the first four years.

This is a ringing endorsement of the government and its clean energy future package and the associated support mechanisms for industry, in particular the steel industry.

OneSteel have also indicated that they support this plan, calling it both appropriate and sensible. A company spokesperson for OneSteel said:

Through this sectoral approach, and in particular the announcement of the STP, our concerns about the adverse impacts of the proposed carbon tax on our competitive position have been recognised and substantially addressed ...

The Australian Workers Union, the representative of steelworkers in this very important industry, has recognised the plan's design to protect local jobs. The AWU is quoted as saying:

We’re pleased to see that the Government has worked with industry and the AWU to design a number of specialist programs to secure the jobs of our members and support our industries as the global economy shifts towards new energy sources. These multi-billion dollar programs have been welcomed by many of our major employers. In particular, the steel sector has secured a massive win with the $300 million Steel Transformation Plan.

The plan is of course designed to protect jobs in one of Australia's most fundamental industries. It is proof of the government's responsible approach to ensure a smooth transition to a low-carbon economy.
There have also been claims in this debate that other stakeholders in the steel industry and the manufacturing industry are not being supported. This is not true. The government are supporting small and medium sized enterprises through the Clean Technology Investment Program, which the coalition unfortunately oppose. The new, $200 million Clean Technology Food and Foundries Investment Program will provide grants of up to $50 million over six years to the metal-forging and foundry industries. These grants will assist the industries investing in energy efficient equipment and low-pollution technology processes and products. Again, this was opposed by those opposite. The government are also supporting and recognising small to medium sized enterprises through Enterprise Connect, from which the coalition are proposing to cut $100 million. The government are also supporting small and medium sized enterprises through our push for an Australian industry involvement in major projects and through the activities of the Steel Supplier Advocate.

In all respects, this bill is fundamental to Labor's plan to ensure businesses have support to transition from an industrial age based on technology and production methods associated with harmful carbon pollution to a clean energy future, and to do it in a manner that protects investments and jobs, and ensures incentives to invest in new innovative practices and in new innovative technologies. Importantly, it will provide the foundation for economic growth into the future and support for this vitally important industry. The last thing that this government want to do is threaten the livelihoods of hardworking Australians in an industry where they earn their living and in an industry that has a great tradition in many regions throughout the country. It is through packages such as the Steel Transformation Plan that we are putting our money where our mouth is and supporting industry. We are looking forward to a brighter, more sustainable future for this great Australian industry.

Senator XENOPHON (South Australia) (18:05): As the chamber knows, I did not support the government's legislation which passed through the parliament today in relation to the carbon tax and other measures. But, given that it has passed, I indicate I will be supporting this Steel Transformation Plan Bill 2011 because I believe it is important that assurance is given to the steel industry in light of the carbon tax that will apply from next year. The steel industry is facing a number of pressures: low demand, increased costs and a very high Australian dollar. The introduction of the government's carbon tax will add to the industry's pressures, and this legislation will assist the steel industry, through compensation of $300 million in entitlements over five years from 2012-13 as well as $164 million in advances in this financial year.

I want to highlight, again, that an intensity based scheme such as the one proposed by Frontier Economics would not require this compensation package because it would not unnecessarily raise tax revenue or prices for consumers in the same way the carbon tax or the proposed emissions trading scheme that will follow it will. I think it is worth reflecting on the comments of Frontier Economics and the evidence they gave to various Senate committees in relation to this. It is also worth noting that in a paper they prepared in May this year, Magic pudding is vanilla economics, they were very critical of what has just been passed.

This is not an efficient way to deal with pricing carbon; this is not an efficient way of dealing with the dislocation amongst industries; this is not a good way to deal with the transitional effects of such legislation.
There are better ways to transition to reduced emissions. This will lead to distorting taxes. An emissions trading scheme is only more efficient if governments use revenue to offset other distorting taxes, but this is not a feature of the legislation that was passed just a few hours ago. That causes me considerable concern as to the impact that it will have on our economy. The steel industry is subject to great competitive pressures. We are talking about an emissions-intensive trade-exposed industry. I have very real concerns about the additional pressures we are putting on our steel industry.

Under the Frontier Economics scheme, which would result in less revenue churn, not to mention greater environmental benefit, the steel industry would not face the additional pressures the carbon price will impose. That is because you would be able to deal with electricity prices in a way that will transition the effects, that will smooth out the costs and shocks to the economy that will occur. But, as a result of the government's carbon price legislation being passed and the increased costs to the steel industry that will come with it, I will support this bill to give assistance to the steel industry. I should also say that I support the provisions in this bill that the Productivity Commission undertake two reviews of the steel industry, one being the impact of the carbon price on the competitiveness of the steel industry.

Australia's steel industry and associated manufacturing activities employ some 100,000 Australians and earn revenues of some $29 billion annually. We export around two million tonnes of steel and import between two and three million tonnes a year. It is a $7 billion industry for Australia and one we need to support. It is an industry that faces pressure from dumping of below-cost steel imports. A bill that I introduced some time ago attempted to deal with that problem. The government has picked up some of those issues, and I welcome that, but more needs to be done because not only does the steel industry have to deal with the high Australian dollar; it has to deal with goods being dumped from overseas at below cost and it now has to deal with a carbon tax. I worry that that will be a tipping point for some of our steel mills.

I believe that this bill needs to be supported but, having said that, I want to put something on notice for the government when they respond to the second reading debate contributions. In August this year, it was revealed that BlueScope senior executives, on the day that a thousand workers were sacked and when the company was taking $100 million in assistance from the government, paid themselves more than $3 million in bonuses. The details of the bonuses were tucked away in the company's financial reports for the 12 months ending 30 June 2011. According to the company's documents, bonuses across management totalled $3.052 million, with CEO Paul O'Malley pocketing $721,000 on top of his base salary of almost $2 million. The point needs to be made: this company was laying off 1,000 workers and it had its hands out for taxpayer support to the tune of $100 million, yet it still had the gall to pay its executives these obscene bonuses. The company's operating cash flow was only $21 million last year, so 15 per cent of that has gone in executive bonuses. I do not think that is the right thing to do.

The federal government should insist the executives give back their bonuses, and they ought to make it a condition of the compensation package. I ask the government on the record, on notice: given that a thousand workers have been sacked, was anything raised between the government and this company about these bonuses in the context of this assistance package? BlueScope operates in my home state of...
South Australia at Wingfield and Gillman, and I think it is very important that that question be answered. Paul O'Malley says, 'We are experiencing an unprecedented combination of economic challenges,' but when it comes to bonuses for senior executives, including himself, sadly, nothing seems to change. It is not good enough, and my questions to the government are: have you discussed the issue of their bonuses in the context of this assistance package and will you consider tying the level of their bonuses to the assistance package? I do not think it is good enough, given what those 1,000 workers and their families have faced. I do not think we should be mugs about this assistance. I want to have a strong, viable steel industry in this country. This package is part of it. This package acknowledges the additional pressures of a carbon tax. We need to tackle issues like the dumping of low-cost goods by competitors in countries with artificially devalued currencies who compete on an non-level playing field. These are matters that need to be addressed as well.

I support this package because I believe not to do so would not be responsible, given the passage of the carbon tax package of bills earlier today, but I do look forward to the government addressing these issues with respect to the obscene bonuses being given to BlueScope executives and the $100 million handout they are expected to get from the Commonwealth government, from the taxpayers of Australia.

Senator NASH (New South Wales—Deputy Leader of The Nationals in the Senate) (18:13): So many of my colleagues on this side of the chamber have called today a sad day and a dark day, and there is absolutely no two ways about that: it is a sad day and it is a dark day. Here we are yet again dealing with legislation relating to a carbon tax that this government simply should not be bringing in. The government should not be giving it to the Australian people. We know that because, as I have said in this place before—and I had a discussion with somebody today about the number of times that people on this side of the chamber have said this—Julia Gillard, the Prime Minister, said, 'There will be no carbon tax under a government I lead.' It is true. That is why we keep saying it, because it is absolutely true: this Labor government promised the Australian people no carbon tax. And yet here we are now dealing with yet another piece of legislation relating to the carbon tax. It is a very sad and dark day indeed.

The government had an opportunity to wait for the commencement date for the carbon tax bills until after the next election. They could have simply done that. Even if we take it at face value—some people might—that the Prime Minister did not mean to lie to the Australian people when she said, 'There will be no carbon tax under a government I lead,' even if we take it that somehow that was not a lie, it does not take away the fact that the Prime Minister should be taking the carbon tax to the Australian people before it commences. It is as simple as that. This piece of legislation, the Steel Transformation Plan Bill 2011, is part of the whole carbon tax process that is being foisted on the Australian people, and they do not want it. I can tell you, Madam Acting Deputy President Adams, we on this side of the chamber know they do not want it. The reason they do not want it is that they understand exactly what is happening here. They know exactly what is happening. What is happening is that this government is bringing in a piece of legislation that is actually not going to achieve what the government is trying to achieve.

In the legislation that we have been dealing with up until now—the clean energy legislation—object (b) talks about supporting
the development of a cleaner environment and the government's intent to reduce greenhouse gas emissions. The clean energy legislation does not do that. This piece of legislation, the Steel Transformation Plan Bill, does not do that. Nothing in any of the legislation that we have been dealing with today changes the climate. Nothing in any of the legislation that we have been dealing with up until this point in time reduces greenhouse gas emissions. Isn't it interesting, colleagues? Emissions are actually going to increase by 2020, from 578 million tonnes to 621 million tonnes.

It is also so interesting that no other country in the world is doing or is moving toward doing a carbon tax like the one we are going to implement—not one. That is not me and my colleagues on this side of the chamber saying that; that is the Productivity Commission saying that. So relate that back to object (b), which is to support that development. Support what? Nobody else is doing what we are about to do with this carbon tax, which is irrevocably going to change the economy. It is going to create structural change in how this country operates, in how the economy operates. The Steel Transformation Plan Bill is part of that, which is why we on this side of the chamber are not supporting it.

Senator Edwards: No way.

Senator NASH: I will take that interjection, Senator Edwards. No way will we support this or any part of this, because we have promised the Australian people—and, unlike those on the other side of the chamber, we are actually going to stick to the promises that we make before the election—that in government we will rescind the carbon tax. We will get rid of it. We feel so strongly about this on behalf of the Australian people—we know they do not want the carbon tax—that we will get rid of it.

We know the carbon tax bills have gone through today, and we assume this bill is going to go through at some point in time as well. That has not weakened our resolve one little bit, because the Australian people deserve to have some champions in this chamber fighting on their behalf for the outcome that they want. They know that the carbon tax and its associated legislation, like the Steel Transformation Plan Bill we are debating tonight, are not going to change the climate one little bit. The government is off on this frolic of having to lead the world, be in front of the game and make sure we do not get left behind, with a piece of legislation—or pieces of legislation, thousands of pages!—that is not actually going to do what the government is intending it to do: to reduce greenhouse gas emissions. I do not know, but I would say that is stupid. That is just stupidity from the government, when we know the impact it is going to have.

We would not even need to be debating the Steel Transformation Plan Bill if it were not for the carbon tax, because it is a very simple fact that you would not need compensation if there were not a carbon tax in place. None of this should be happening. When you see the government put in place this carbon tax and then this attempt at compensation for the steel industry—as my good colleague Senator Fierravanti-Wells said earlier, those who are unkind might say that it is a pork barrel—it is extraordinary. Why are we doing any of this? The Australian people get it. They keep asking: 'Why are we doing any of this in the first place, because it is not going to change the climate one little bit?'

Senator Edwards: Ninety per cent of them didn't vote for it.
Senator NASH: What percentage was that?

Senator Edwards: Ninety per cent.

Senator NASH: Ninety per cent of the people did not vote for it, because those on the other side went to the last election saying that there would not be a carbon tax, and the people trusted them. The people of Australia trusted the government and trusted that it was telling the truth. That is why it is such a sad and dark day today, when we see the Australian people being let down so badly by Julia Gillard and this Labor government—cobbled together with the Greens and the Independents—who are giving them the carbon tax that they believed would not be given to them. I turn back to the Steel Transformation Plan Bill. A little earlier, Senator Thistlethwaite was talking on the other side of the chamber about how the government had to support the industry and how this was a terrific compensation package for the whole industry. Colleagues, do you know how many firms this is actually going to assist? This is out of the entire, huge industry, with something along the lines of 19,000 workers.

Senator Edwards: Two.

Senator NASH: Thank you, Senator Edwards. Two companies are going to be assisted. Because of the definition of 'eligible corporation' in proposed section 4, only two companies are going to be eligible. What a complete dog's breakfast—yet another one from this government. When we look at their stuff-ups in the past, we see they have no ability to implement any kind of policy properly—the school halls debacle, the BER, pink batts, GroceryWatch, Fuelwatch—

Senator Edwards: Cash for clunkers.

Senator NASH: Yes; thank you, Senator Edwards. And there has been a total inability to manage our borders properly. Why on earth would we think that they could get something like a compensation package for steel right? Obviously, they have not, with only two companies to be assisted.

Colleagues, you can only be gobsmacked by the way in which this is going to operate. The government talks about it being a four-year plan. Given the way it is structured, it could be, I think, only about a year and one day and all the money could have disappeared altogether. There is even confusion over how long the plan is supposed to be. Is it four years or five years? I think Minister Greg Combet is talking about it being over five years but we have the official department website saying it is over six years. This government cannot manage a thing and cannot deliver any policy properly to the Australian people—and, to see that, we only have to look at where the government is not compensating. We have this picking and choosing as to whom they are going to compensate and the fact that they are giving upfront compensation in bulk, one-off payments to welfare recipients. So how on earth can they ensure that that funding is going to go, over the 18-month period of time, to those people that need it, when it is needed, when the carbon tax has imposed those electricity cost increases? The government simply cannot give that guarantee. Now we see this compensation package that is going to help only two firms—two firms, I repeat—out of the myriad firms out there. Every other steel business is not going to receive so much as one single cent of assistance under this legislation.

It is one thing to look at the compensation that the government is going to provide to the steel industry; but what we should really be looking at are the industries that the government have turned their back on and have not even considered compensating in a proper manner: those in agriculture, our farmers. We saw over the last couple of days...
the complete inability of Minister Penny Wong to answer in any detail whatsoever the questions that we on this side of the chamber were asking, rightly and properly, about what the impact was going to be on the agricultural industries, what the impact was going to be for irrigators, what the impact was going to be for the dairy sector. The government were simply incapable of answering the questions.

Farmers are the heart and soul of this country. They generate real wealth for this country. They work from dawn to dusk and beyond to be the backbone of this nation. And what have this government done for them? What recognition have this government given to the situation that they have now placed our farming sector in because of the incredible financial impacts of this carbon tax? Nothing. They have not considered the impacts in any real way, in any shape or form. They have not even done any modelling to actually see what the impacts are going to be, because they simply do not care. Here we have the Steel Transformation Plan Bill in front of us. What about farmers? What about those men and women—and their children—who are the backbone of this nation? What about them? The government simply do not care, and that is what makes it such a sad and dark day for the Australian people. And I cannot understand for a moment why on earth this government keeps hanging our farmers out to dry.

While I am on farmers, what was extraordinary today was that at a Greens press conference Senator Bob Brown said one of the reasons the Greens' stocks have been growing rapidly in the bush is 'our strong action to curb climate change'. If we had ever wondered if the Greens did believe in fairies at the bottom of the garden, that was the absolute proof today. I do not know who Senator Brown has been talking to out there, but he has certainly not been talking to the majority of farmers because I can tell him that, absolutely, right now, farmers across this country do not want a carbon tax. But, no, Senator Brown cannot possibly let reality get in the way of a good story—that would be wrong for him, wouldn't it! I can tell him right now that those words that he uttered this morning are wrong. Australian farmers do not want a carbon tax. For the fairies at the bottom of the garden, the Greens, along with the Labor government and the Independents, to cobble this together to give the Australian people a carbon tax is simply wrong.

I go back to my comments earlier that it is not going to change the climate one little bit. We hear from the other side of the chamber all these words of spin about a clean energy future and talk about all these new jobs that are going to be created. But we have not heard from the other side of the chamber about any one specific job that is going to be created. I have not heard of one. We have had this throwaway bandaid line that there are going to be all these jobs created. Well, they should tell all these people working in the steel industry and in the agricultural industry and all the other people across this nation who are going to lose their jobs because of the carbon tax—and that is not scaremongering; that is a fact—why the carbon tax is a good thing for them and they should tell them how fantastic it is that all these new jobs are being created. But I can tell you this, Madam Acting Deputy President Adams: those people want the jobs that they have got. They do not want some new job in some green industry doing basket weaving or something somewhere else; they actually want to hang on to the jobs that they have got. But this government is threatening those jobs, and the Australian people know that. The Steel Transformation Plan Bill is part of the carbon tax that this government is
giving to this country, and it is simply wrong that we have a day like today, such a sad and dark day, for the Australian people, so we are not supporting this legislation. The coalition will absolutely get rid of this carbon tax. It is our pledge to the Australian people that we will do that.

Proceedings suspended from 18:30 to 19:30

Senator JOYCE (Queensland—Leader of The Nationals in the Senate) (19:30): The worst thing that the coalition could do—the worst thing that the National Party could do and the worst thing that the Liberal Party could do—is support this package, because that would indicate that we support the absolute load of rubbish that went through the parliament today.

You will be happy to know that tonight I have spent most of the time speaking to the good people of Western Sydney, generally on talkback radio, and they are not happy. I thought there was some emotion here, but it is nothing to the emotion that is pouring down the phone lines, and you are so, so foolish for what you have done. I will put it this way: when are you most affronted—before you have been ripped off or after you have been ripped off? Now we are talking to people post being ripped off, and the post-ripped-off people are ready to go you as hard as they can. They see you as being completely usurped by the Greens. They see you as basically in a policy cohabitation with a party which will bring about the demise of our nation, and they hold you totally and utterly responsible for it. These people are not happy.

These people were your heart and soul. These were the people who supported you. There is never so much venom as when a person from your family finds out they have been deserted by their own parents. This is the emotion that these people have for you. I do not know how you have done this. How foolish you have been to get yourselves into this position. All of that backslapping and kissing and hugging has gone over like a bomb. It has gone over like an absolute bomb. It is like you are ambivalent about the people of the working-class suburbs, where everyone now believes that they are a collection mechanism for the Australian Taxation Office by reason of their power point, by reason of this new tax.

For what? Why is it evil to iron clothes? Why is it evil to cook dinner? Why is it evil to try and keep yourself warm in winter and cool in summer? Why have you done this to them? Why did you do it to them? But you do not care. It is all because the beautiful people have taken over. You are too wise for them now. You have gone beyond them. You have evolved. Well, you are going to evolve all the way to the ballot box and then you are going to be absolutely and utterly annihilated. I just cannot work it out. To be honest, politically you could have had us on toast, but you did this to yourselves. You were so, so foolish—so naive.

Anyway, I will start on the Steel Transformation Plan Bill. Here is a quote that I am absolutely fascinated by. This is what this wise person said:

There is one point that is very important to understand. A nation without a steel industry is a nation without a manufacturing industry. It is also a nation without a defence industry. Without the steel industry of this country we lose thousands of jobs—this is a very wise person—and we lose export opportunity.

This person is clued up. They went on:

This person went on to say:

It defies logic that a nation like ours, with natural resources in iron ore and coal, with leading infrastructure, leading technology and a massive
improvement in labour productivity, cannot see itself developing an expanded steel making industry.

I will give you a hint who said it. He then finished by saying, 'It would never have happened under Labor.' So who is this wise sage? I am interested in this person. This is a noble person. I want to meet him. He wants to protect my manufacturing industry—so do I. He wants to protect the defence of my nation—so do I. I want to do that. He says that if we lose the steel industry we lose thousands of jobs. I agree with this person. This person is a must. I must meet this person. Who is this person? It is Simon Crean, on 29 May 1997, in a House of Representatives matter of public importance debate on the steel industry.

So what did Simon Crean do the other day? He voted for a carbon tax. See, the Greens are voting, but they think coal is evil. You are cohabitating with these people. Coal is evil. You must close down all the coal industries, you doormats of the Left. You must close down the whole coal industry, because—

Senator Carol Brown: No, Barnaby, you're the doormats.

Senator JOYCE: No, because I am voting against this. It is you, who are supposed to be looking after the working-class people, who are the doormats. You are the doormats of the Greens, for goodness sake. Why are you doing this to the Australian people? It is very interesting that Simon Crean said that. What could we offer? What are the two alternatives? We can offer a carbon tax. There is—what?—$300 million over the forward estimates, and that is it for the steel industry. Goodnight, Irene; it is all over. We do not need Wollongong anymore. We do not need Whyalla anymore. Goodnight, it is all over. We do not need a steel industry anymore. If we listen to Simon Crean, that means it affects the defence foundation. It means it affects thousands of jobs.

What is the best way to keep a steel industry open in this nation? I agree with it. It is: do not go forward with a carbon tax. Do not make the price inputs of that industry beyond the reach of that industry to stay viable. Why did you do this to them? You are supposed to be their allies. You were supposed to be standing behind the blue-collar worker. But you have lost it. You are now part of the manic monkey café of inner suburban Nirvanaville. You are having the beautiful conversations in the middle of the night. You are philosophising. It is all wonderful stuff. But you are just flushing your own people down the toilet. But they are onto you tonight. I have been absolutely overwhelmed by the common sense of the Australian people, who on talkback tonight have got your measure. I have to say they got your measure quicker than most people around here got it. They have you lined up. They are upset and they are angry, because they want their nation to be a better place. They want their nation to be the nation that produces cheap power. That is one of the things they want—cheap power. They want their nation to be able to produce food that comes from Australian farms. They want all these things that just make so much sense: affordable power, food from Australian farms, a Defence Force they are proud of and a manufacturing industry that stands behind our nation and determines who we are.

These are good people; they are making so much sense on radio tonight. They heard that what happened is that their party—they still refer to you as 'their party'—has left them. Their party no longer believes in them. Their party now believes in the Greens, the highest socioeconomic group in this parliament. That is it. They are higher than the Libs; they are way higher than the Nats—we are the poorest. It goes: the
Greens, the Libs, Labor and then us. We represent the poorest. So you have decided to, in a political way, shack up with the Greens, and you are going to pay such a massive price.

I look across the chamber. This is the party of Curtin and of Chifley. These people were giants. I might even say it is the party of Hawke. As much as I wanted to get stuck into him, for all his foibles, he was something. He had that je ne sais quoi. There was something about him, and he had that connection with the Australian people. He had a sense of common sense—sort of a pull to appeal through all the rubbish. But, no, you have deserted that. You are now the party of Dr Bob Brown, with some sort of Romulus Augustus type figure in Julia Gillard—the final emperor. The power is usurped. The Vandals are in town. They are not interested in running the country; they are interested in the archaic spoils that are left in the final Rome. This is what you have done to your own people.

Why would we be part of a process that would condone, and somehow imply our agreement with, your total and utter insanity on this issue? The only message we are going to send to the working-class people—the good people; the working families of Blacktown, Seven Hills, St Marys, Ipswich, Rockhampton, Townsville and Geelong—is that we are going to make sure that, in this crazy equation between cheap power and cheap wages, we are actually the backers of cheap power. We believe that cheap power and dear wages are a good outcome for our nation. Australia. Your belief is that cheap power is evil. Therefore, you believe in cheap wages. 'If you don't want cheap wages, no jobs.' That is what you are offering them: no jobs.

You think that you are somehow beguiling them with the cunning of the serpent. You are beguiling them: 'Oh, we're going to have green jobs.' I tell you: there is another trigger for absolute apoplectic meltdown. They just cannot believe that you even say it. 'Green jobs? What are these jobs?' What do we say to the fitter and turner? 'Mate, we're going to make you a green job.' He says, 'Mate, I want my job.' Is that what you are going to say to the sparky? 'Mate, we're going to give you a green job.' He says, 'Just leave me alone; I just want my job.' What do we say to the boilermaker? My old man started as a boilermaker in the railway workshops. What are you going to say to them? 'Mate, we're going to get you a green job.' He says, 'Get out of my life and leave me. I believe in my trade. I believe in what I can do with my hands. I believe in the dignity of going to work, working during the day, coming home at night feeling tired and making this nation a better place. I believe in that.' This is what these people believe in. They are patriots. They stand behind their nation with the work of their hands and the work of their minds.

But you do not believe in it. You believe they should have green jobs. 'We'll just send them back to university. They can all do arts degrees and wander back, and they can pontificate about duck ponds and windmills. They can open up wind chime factories at Nimbin or do basket weaving. We'll all sit squat-legged on the floor and contemplate our omphaloses—contemplate our navels—and think about basket weaving with the Labor Party—the party that used to be the party of Curtin, Chifley and Fisher. It used to be a party that actually meant something. What happened to you? As a political party, did you all fall over and hit your head?

Anyway, listen to the people tonight. Turn on the radio. Have a listen to them. Have a listen to your future talking to you—coming to you via your radio. They are not happy. I thought we were unhappy; they are really, really unhappy, because they have been
smitten by their own family. They have been deserted by their own kind. They have been led down this path where they honestly thought that somehow, at the end of the day, you would not be so naive, so foolish and so cruel as to let them off.

What does this actually do? It is a question that Penny Wong says I have asked her 600 times, yet 600 times I have never got an answer. Never mind St Peter and the cock crowing thrice; we have given this lady 600 goes and still cannot get an answer. The question is: how much does this change the temperature of the globe? Of course it does not—not at all. Then we had Mr Dreyfus on radio saying, 'Oh, India's got a scheme.' I was fascinated, so I looked India's scheme up. India's price per tonne of carbon is a dollar, and they cannot even monitor it. The price in Europe, stated to be the most corrupted market—not just carbon market but market full stop—in the world, is between $8 and $12 a tonne. What is the price in Australia? It is at $23. And where is it going from there? It is not going down. There is only one direction for it: up.

Where do these wondrous sages who now occupy the treasury bench want to take us? We do not have to live with Doctor Who; we can do it right here. They are taking us back to 1910. They are taking us back to 80 per cent less carbon emissions; that is what we had in 1910. We would all have arrived here with a couple of ponies and a gig—we would have come up here with a Trigger and a Prancer, and there would be nothing to see around here.

I am amazed at the faux nobility of the other side. Last night when they were talking they were bleeding tears of blood all over the floor about the environment and how bad it is. Whilst they were doing that, I had no other choice but to look at the ceiling. I started counting lights. I ran out of a reason to count them when I got past 220. This is the complete hypocrisy that the people out there called voters see. The temperature is always the same in here. It is never hot and never cold. It is perfect. Who pays for that, I wonder. Who pays for it to be that miracle 26 degrees? The taxpayer does. Who pays for the 220 lights? The taxpayer does. Who is going to pay for the carbon tax? The taxpayer will. What is the tax going to do? Nothing. The government complain about us saying no. Well, the ultimate 'no' is this. What will this climate change policy do for the climate? Nothing. Absolutely nothing. Diddly squat.

In a couple of days time we are going to have Barack Obama, the President of the United States, here. God bless his soul, because without the United States we would not be here. Where is their climate change model? What are they doing? Nothing. What about the Chinese? Nothing. What about anywhere else? Nothing. Who are the noble saviours who are leading this? It is Julia Gillard. I imagine at night—

The ACTING DEPUTY PRESIDENT (Senator Cameron): Senator Joyce, you should refer to the Prime Minister by her proper title.

Senator JOYCE: I accept your opprobrium. I mean the Prime Minister of Australia. I have absolute and utter respect for that office. That was the office that was held by Curtin, who defended our nation against imminent demise. That was the office of Chifley. That was the office that was held by some of our greatest people. Without them, we would not be here today. That is why it is an absolute disgrace that the dignity of that office and the legacy of Curtin, Chifley, Fisher, Deakin, 'Black Jack' McEwen, Hawke, Howard and Menzies—like them or loathe them, everybody respected them because they represented the will of...
the Australian people—are being sullied and dragged through the mud. The government are so ambivalent about the dignity of that office that they said, straight down the barrel of the camera on the banks of the Brisbane River, 'There will be no carbon tax under the government I lead.' What an utterly fabrication. What an utterly misleading statement. I will tell you what there will be. There will be no government under the carbon tax you lead because it is a fabrication.

I know I am getting to you. You know deep down, like the errant schoolchild who has come home after a big night out with their friends, that now mummy and daddy voter are waiting for you and they are not happy campers. Tonight you are spinning them this yarn and popping the bubbly. And mummy and daddy voter are not happy with you. They are tearing you to pieces tonight on talkback radio. They are tearing you to pieces through the western suburbs. They are tearing you to pieces across this nation because they could not believe you would do this to them.

I believe in Simon Crean. I do. I believe in Simon Crean!

Senator EDWARDS (South Australia) (19:50): I rise to join with my colleague Senator Barnaby Joyce to speak against the adoption of the Steel Transformation Plan Bill. Of all the unnecessary pieces of legislation that have ever been introduced into the Senate, the Steel Transformation Plan Bill is one of the worst. Why? It is because of what begets it. If the government had not misled the Australian people this legislative proposal would not have been before the chamber. The voters of Australia should have had their chance to give their opinion on whether they should pay this tax to fund, arguably, one of the grubbiest deals that we have seen in the Australian parliament—the one between the Prime Minister and the Greens so that she could hold office.

Now that Labor and the Greens have birthed this insidious tax, we are now talking about compensation. Without this tax there would have been no need for the Steel Transformation Plan Bill. Because of the impact of the tax on a vital Australian industry, the government now plans to compensate the steel industry with a $300 million package. We are told that the bill establishes a framework for the payment of financial assistance to steel corporations under the two payment schemes established by the bill—the Competitive Assistance Advances Scheme and the Steel Transformation Plan. Now, doesn't that sound and look like previous schemes advanced by the
government, one of them under the direct control of the then Deputy Prime Minister before she and some of her cronies put 'the steel' into the back of the then Prime Minister Rudd? It was a knife job then, but what Labor and the Greens want to do now is put a steamroller over everybody else who has to pay. This is shades of pink batts and the excesses of the Building the Education Revolution and the Gillard Labor government memorial halls at schools right across the nation. And what were they most noted for? Rorting, mismanagement and waste on a scale unprecedented in Australia.

The only reason we are debating this bill is because the Prime Minister went back on her word and introduced a carbon tax. This bill is an admission by the government that the carbon tax will make Australian industry, particularly the steel industry, more uncompetitive. The outline of the Steel Transformation Plan Bill states that the object of the bill is to encourage investment, innovation and competitiveness in the Australian steel manufacturing industry as it transforms into an efficient and economically sustainable industry in a low-carbon economy.

Let us talk about what the government has done to encourage investment, innovation and competitiveness in the steel industry. Taxes do not encourage investment, innovation or competitiveness. In fact, they do the opposite. So lumping one of the world's highest carbon taxes on the Australian steel industry is certainly not going to encourage investment, innovation, or competitiveness. How will increasing the cost pressure and burden on steel manufacturers in Australia help the industry to be more competitive? It will not. In fact, it will do the opposite. It will just be another pressure on an industry which is already facing a high Australian dollar and high input costs. This is not an industry that needs a new tax, and it certainly would not need a government handout if the government was not unnecessarily increasing its costs. The object of the bill is to transform the industry into an efficient and economically sustainable industry. But if steel manufacturers have to move offshore in order to remain viable there will not be an industry to transform.

The carbon tax is just another pressure the government is burdening industry with, another pressure manufacturers in other countries do not have to contend with, another layer of bureaucracy for industry to answer to. This bill will only help two steel manufacturers—BlueScope Steel and OneSteel. Coincidentally, upon the announcement of the carbon tax the value of those companies was diminished by over $300 million collectively. What a quirky coincidence that the compensation package is $300 million. And the day after there was another $100 million to boot—and they have not recovered. What we have with this bill is an eligibility criterion for compensation under the bill which requires an applicant to have produced at least 500,000 tonnes of crude carbon steel annually from 2009-10. In Australia only two companies meet that criterion—BlueScope Steel and OneSteel. Therefore, the remaining businesses, which employ about 80 per cent of Australia's steelworkers, will not benefit under this plan.

I note that the bill also establishes mechanisms to monitor the application by eligible corporations of payments made under the two proposed schemes. Talk about locking the stable door after the horse has bolted! Not only will you have to engage the new bureaucracy, you will now have them looking in. It is all very Orwellian now. Normally people learn from their mistakes, but with this Gillard-Brown alliance government I have grave doubts. We all know about the propensity of Labor and the Greens to have a mantra of 'tax, churn and spend', but this latest example is 'take with one hand,
churn it through a new bureaucracy, and give it with the other hand'.

Of course, this compensation will run out after four years, while the carbon tax will continue to go up and up and up. What are the long-term impacts of the carbon tax on the steel industry? The carbon tax is not just a four-year impost; it is ongoing and it will rise. After the compensation runs out, the industry will again have to compete with steel imports from countries that do not have a carbon tax. And what about the smaller players in this industry who will have to adjust without any government assistance? They will have to compete against the biggest manufacturers in Australia, who will receive support, and against imports from countries without a carbon tax.

The government is playing favourites with steel manufacturing. Where is the recognition of the rest of rural Australia as well?

Senator McKenzie interjecting—
Senator Nash: Hear, hear!
Senator EDWARDS: I hear my colleagues over there, Senator Nash and Senator McKenzie, in furious agreement. Where is the rest of rural Australia? Notwithstanding the importance of the Australian steel industry and the important contribution it makes to employment and GDP, one questions why this is the only industry receiving special attention from the government. The steel industry is not the only industry that is facing severe undue strain from the Brown-Gillard government's carbon tax. Only this afternoon the National Farmers Federation President, Jock Laurie, came out and said:

Ultimately, the carbon tax risks compromising the competitiveness of our agricultural industry.

He went on to say:

Our domestic agricultural industry competes on an international playing field—one that is no longer even when it comes to carbon.
matching Commonwealth contribution of $1, so you have to find that capital to get a 25 per cent contribution from the government. This pales in comparison to the $300 million being provided over four years to how many companies, Senator Nash, Senator McKenzie and Senator Madigan?

The ACTING DEPUTY PRESIDENT (Senator Cameron): Senator Edwards, could you please address your comments through the chair.

Senator EDWARDS: Sorry, I was getting a bit social. Two companies. It is $150 million over six years to hundreds of companies or $300 million to two companies over four years. I know which industry I would like to be in. That is nothing against those two companies; it is not their fault.

Participation in such assistance would involve considerable upfront capital contribution from the industry as a prerequisite at a time when the industry would already be experiencing declining profitability and deadweight costs of the proposed carbon tax regime. Clearly any assistance provided by the Commonwealth should be genuine, unconditional and in the form of untied government assistance. Notwithstanding this, the red meat processing industry is poten-
tially facing substantial cost imposts under the proposed legislation, with no specific assistance for direct obligations like other identified emissions-intensive trade-exposed industries and no opportunity to pass the scheme costs forward to our export customers. Why is it that this Labor government has only considered the steel industry? Why is the government playing favourites? Some of Australia's most important industries will now be in need of assistance, just like the steel industry will be. The carbon tax will place additional pressure on a range of important industries, particularly those in rural Australia like the red meat sector, the wine supply industry and in time, I suspect, grain exporters.

Australian steel manufacturers already comply with a number of environmental laws and regulations that their foreign counterparts do not have to contend with. If the goal is environmental gain then why add further pressure to an industry, which by global standards is quite clean and efficient, that may result in it moving offshore? This $300 million in compensation from the government is a token gesture to industry, but it does highlight just how serious the carbon tax is for Australian industry. It shows us how uncompetitive the carbon tax will make industry. The compensation for just one industry is a snub to other important industries like the red meat industry, which also faces highly competitive export environments and will face huge costs in order to adapt and cope with the looming carbon tax.

The impact of this toxic tax on companies such as T&R Pastoral in my home state of South Australia—where Senator Penny Wong, Senator Farrell, Senator Gallacher and Senator McEwen live—will be significant. The increase in the costs of energy such as electricity and gas will lead to an increased cost of $2.36 per beast and 21c per sheep or lamb processed. These figures on their own do not sound like a lot, but when you consider how many head are processed by this important South Australian employer the impact is significant. They process 200,000 cattle and 2.25 million sheep each year. This will result in an increase in cost of $944,000 per year from higher energy costs. Why is the government not doing more to help this and other processors adjust?

This is compensation for a carbon tax, pure and simple; that is all it is. It is not about structural adjustment for the steel
industry. It is about carbon tax compensation. How many times have we heard those opposite loudly proclaim that only the biggest polluters will pay, ignoring the fact that those so-called polluters are some of the major industries in Australia?

And when it finally dawned on the government that the steel industry was going to be hugely disadvantaged by a carbon tax, it realised it had to do something, otherwise 91,000 steelworkers and a $29 billion industry were destined for the scrapheap.

The government wants us to support this bill, yet much of the important detail of the Steel Transformation Plan will be included in a legislative instrument rather than in primary legislation, as the bill itself does not detail the plan. It is not good enough to state that a draft of the plan should be released between now and the end of the year. This is not good enough. We are expected to trust the word of this government. How can we, when the Australian electorate has been told deliberate untruths about what caused this bill to be formulated in the first place?

Clause 9(2) provides that the Steel Transformation Plan is a self-assessment plan. In other words, it is up to the eligible steel company to determine whether its application of payments is consistent with the overall objective of the plan. Again, this lack of supervision and accountability raises once more the track record—yes, we will tick them off as we go; tick, tick, tick—of this Gillard Labor government. It is a record of pink batts, school halls, cash for clunkers, GroceryWatch and Fuelwatch—the list goes on. We all love school halls, but we do not like those school halls that cost three times what they should.

Sacrificed on the altar of carbon dioxide rectitude, the steel industry was belatedly made the beneficiary of this, the Steel Transformation Plan Bill 2011, by the Gillard government. I repeat: if there had been no carbon tax, this bill would not be necessary. I suspect that those words of Wayne Goss in 1996 when he talked about the election that year will come true when the Australian people front up to the next election: they are likely to take to this government with baseball bats.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (20:10): I rise tonight to remark on the Steel Transformation Plan Bill 2011. I note the absolute hypocrisy of the coalition and point out that the facts are quite contrary to what has been said here tonight. With or without a carbon price, this Steel Transformation Plan Bill is industry assistance and would have been required even if there had been no carbon price because of the high Australian dollar, the consequences of the global financial crisis and the situation that the Australian steel industry finds itself in.

The hypocrisy is extraordinary and I am looking forward to Senator Edwards going up to Whyalla in South Australia and telling the people at OneSteel why he opposed any injection of finance in keeping OneSteel operational in South Australia. And it will be interesting to see because the Leader of the Opposition went up to Whyalla and made a great news story about the fact that Whyalla would be razed to dust. I am sure that Minister Carr, the Minister for Innovation, Industry, Science and Research, who is sitting here tonight, can recall the media coverage of the leader of the coalition up there—

Senator Edwards interjecting—

The ACTING DEPUTY PRESIDENT (Senator Cameron): Senator Edwards, you cannot make interjections if you are not in your chair.

Senator MILNE: Mr Acting Deputy President will recall the Leader of the
Opposition, Mr Abbott, going up to Whyalla and telling them they would be razed to dust. He got a great ovation there, but I wonder if Senator Edwards will get the same ovation when he goes up there and tells them that he will not support the $300 million Steel Transformation Plan.

Equally, I wonder whether Senator Nash, who was in this chamber earlier, is going to go down to the Illawarra and tell the people there that she is not prepared to support the $300 million Steel Transformation Plan. The scenario is that under carbon pricing the steel industry is going to get compensation under the energy-intensive, trade-exposed compensation plan. It is getting that already. This is a government-only initiative that came out of the Multi-Party Climate Change Committee, because in that committee we said that our job is to compensate for the level of trade exposure as a result of a carbon price; it is not the job of the Multi-Party Climate Change Committee to look at industry assistance beyond neutralising the impact of the carbon price.

However, the government stood firm and said that the steel industry in Australia is in trouble. It is in trouble because of the legacy of the global financial crisis. It is in trouble because of the high dollar. It is in trouble because it cannot compete with cheap imports—as a result, I have to say, of free trade agreements which the government and the coalition are mad keen on and which the Greens have pointed out for years are undermining Australian industry.

Having said that, that is why we have this Steel Transformation Plan. And that is why we Greens reserved our judgment. We said, in exactly the same way as has been pointed out tonight, that it is not just the steel industry suffering because of the high dollar and it is not just the steel industry that is suffering as a consequence of the legacy of the global financial crisis, so why pick this industry? But, having picked this industry, this transformation plan—$300 million over four years—is about keeping steel manufacturing in Australia.

The reality is that if we are going to get an energy transformation to renewables in Australia we need Australian made steel. One of the issues here is that not only do we need Australia made steel but we need to seriously look at the standards against which imported steel is measured. What we are hearing, from both OneSteel and BlueScope Steel, is that imported steel does not meet minimum standards that Australian steel is required to meet and that a level playing field would go some way to assist. Having said that, one of the things that really undermined BlueScope Steel in the course of this discussion was that, on the very day or the day after the Steel Transformation Plan was announced, BlueScope Steel announced a massive bonus scheme for its executives. In fact, Paul O'Malley pocketed $712,000, on top of his $2 million salary, at the time he was sacking 1,000 workers and 300 contractors. I ask you, Mr Acting Deputy President: how can workers in Australia accept the fact that an industry says it is in trouble and needs government assistance, the government comes with $300 million over four years, and then, almost thumbing its nose at government and that request, the executive team says, 'We have now secured government support so we can reward ourselves with this massive bonus across our executive team'?

I asked to see BlueScope Steel, and when they came into my office I asked them how they could justify doing that. They said: 'Well, they're two entirely separate matters, Senator. One is our performance bonus scheme for our executive; the other, of course, is our support in the face of the consequences of the global financial crisis,
the high dollar et cetera.’ I pointed out to them that, as far as the Australian public, the 1,000 workers and the 300 contractors are concerned, it is precisely the same issue. It demonstrates why in Australia we need a great deal more accountability in terms of executive salaries vis-a-vis the wages and conditions of workforces.

We are talking about the realities of Australian manufacturing in a global, competitive environment in which Australian manufacturing is struggling to remain competitive, with low-wage economy competition, no enforcement of a level playing field in standards and of course our high dollar brought on by the minerals boom. So I was very pleased to see the Green Jobs Illawarra Action Plan. This green jobs action plan was worked up by the University of Wollongong, the Department of Environment, Climate Change and Water, the South Coast Labour Council, the Australian Industry Group, Industry and Investment New South Wales, TAFE New South Wales, the Department of Education and Training New South Wales, the Southern Councils Group and the Illawarra Business Chamber.

All those people came together in the Illawarra, recognising that the vulnerability of the Illawarra is its dependence on coal, steel and its heavy industrial base—all of which they perceive are under pressure because of the global financial environment in which they are currently competing. In February 2009 they presented a plan to the New South Wales government. It was ‘an action plan for green job generation and industry development’. A review of the plan focused on manufacturing, construction and retrofitting, renewable energy and power generation, research and development, skills and training, infrastructure and general employment. The plan says that the Illawarra community has recognised that things like housing, retrofitting, food production and water recycling could generate more green jobs in the Illawarra if support is given to the Green Jobs Illawarra Action Plan.

This is the context in which we are discussing this tonight. Let it be very clear that the coalition are not supporting any industry assistance to steel manufacturing in Australia. For them, any change into the future is about importing steel from other countries. That is basically where the coalition are coming from. They are failing to recognise that this is an industry assistance plan over and above the compensation for the carbon price. It is separate from the carbon price. That is why we are voting on it separately—because it is a separate measure from the carbon price, which has its own compensation mechanisms. Clearly, the coalition have gone out and manipulated and exploited as much as they possibly can the concerns the workers have in those regions. They are now voting against an injection of funds that would enable the kind of development that would see diversification in these regions, where they desperately need innovation. The fact is that, if we are to have a steel industry in Australia into the future, we have to have innovation, we have to have enforcement of higher standards and we have to have better skills training.

I am very sad that, as a result of BlueScope’s announcement of the loss of 1,000 jobs, we are going to see significant changes in the Illawarra. I am certainly hoping they will embrace the low-carbon economy. From discussions with them and with OneSteel I know that they recognise that they have to now embrace the development of new products to give them a competitive advantage in the domestic economy. They started talking about the way that they have been working with Australian universities, innovators and entrepreneurs to develop products that are suitable for the Australian construction environment.
One of those products is a roof coating paint that reduces the internal temperature by up to six degrees of houses that are in extreme environments that suffer from very high temperatures during the summer. I congratulated them on the fact that they are saying: 'Okay, we need to be manufacturing a product that is suitable for the Australian domestic environment. We need to produce something that Australian builders and consumers will want to use because it will seriously improve the quality of life and the energy consumption of people living in those dwellings.' I put to them: 'Has BlueScope or OneSteel talked with, for example, the University of Newcastle about the work they are doing on thin-film solar? Have they actually been and talked to them?'

There is the opportunity to maximise domestic competitive advantage with those products. They have not talked to them, but they undertook to start looking at that because they are looking at ways in which they can advantage domestic manufacturing.

From the Greens point of view we are really keen to make sure, as we manufacture the towers for wind turbines, as we see the rollout and the Clean Energy Finance Corporation funding large-scale solar arrays in Australia and solar thermal, that it is Australian steel that is behind the rollout of those facilities. I want to make sure that we are producing steel in Australia to drive this renewable energy revolution. That is one of the strengths of the package that we have developed in the Multi-Party Climate Change Committee with the Independents, the government, the Greens and industry all talking to one another and saying, 'How can we have an integrated package that says we need education and training, we need maximising of innovation, we need rolling out of the university research sector with the manufacturers to develop products which are suitable for Australian conditions and which maximise the return to Australian manufacturers?' That is what the thinking has been.

Everybody knows that productivity in this century is not going to be about using more resources. Productivity in this century is going to be about using more brainpower to maximise local opportunity by getting cleverer about the resources we use. It does not matter whether it is agriculture or manufacturing, that is the challenge that we need to follow.

Having said that and having talked about the Green Jobs Illawarra Action Plan, which I think has a lot of merit, I want to move the second reading amendment that I have circulated in the chamber. For the benefit of those here I will read it out now and I move:

At the end of the motion, add: "and that the Government, in allocating funds under the Steel Transformation Plan, pay particular regard to the Green Jobs Illawarra Action Plan and any other similar plans in other affected regions".

The advantage of this is that the Illawarra has stood up and said, 'We know we are vulnerable.' Therefore they have sought a community group, if you like, which includes all stakeholders in the Illawarra, and undertaken to move to a situation where they create new jobs, new diversity, new strength. One of the advantages of the Green Jobs Illawarra Action Plan is that it can be replicated in other areas of vulnerability. And there are other areas around Australia of similar vulnerability where their previous advantage has been based on coal and heavy manufacturing. They now know they can move to developing new strengths in the new industries of the low-carbon economy, particularly renewables and the whole green jobs through efficiency, for example. I would like to think that in rolling out the Steel Transformation Plan, not only can this plan be taken into account in the case of BlueScope in the Illawarra, but it can be
taken into account in other places around Australia.

I would hope that the government would feel able to support this second reading amendment because it is asking that the government 'pay particular regard to'. It is not actually enforcing anything other than a request to the government to look at this plan as it rolls out the $300 million and ask: is there any way we can use some of that money with BlueScope to advantage the Illawarra and build resilience there against ongoing vagaries of the global environment—and the South Australian experience of OneSteel—and make sure we do not lose any more jobs? And also make sure that, if people are losing their jobs—as has occurred with OneSteel with the 1,000 who lost their jobs and with the 300 contractors—there are other opportunities that they can go to in the same area rather than having to leave the Illawarra. I do congratulate all of those bodies who have participated in the plan and I would hope that we would get the government's support for this second reading amendment.

Finally, I want to note that there can be no pretence anymore that the coalition did nothing other than, in the most cynical way, exploit the concerns of people in vulnerable regions. They went to those areas to hype up their anxiety over a carbon price, in spite of the fact that the energy-intensive trade-exposed industries will be compensated under a carbon price. But they did not care about that. They were prepared to exploit the vulnerabilities of those communities in order to try and improve their opinion poll results. When it comes down to actually saying that we understand your vulnerability, we know how the global financial crisis affected you, we know how the dollar is affecting you, we know how competition is affecting you and we are prepared to stand up behind an industry assistance plan, the coalition run a mile.

Their leader has cut and run and flown to London rather than face the fact that in this parliament today this carbon price, the whole mechanism, passed the parliament. We all know that that Conservative leaders meeting does not start in London until the 10th. There was every capacity to fly out tonight and still get there. Anyway, the meeting is being chaired by John Howard. The Leader of the Opposition could have—

Senator Humphries: For God's sake, Christine, have you got any real arguments?

Senator Birmingham: Do what, Christine? What did you expect him to do?

The ACTING DEPUTY PRESIDENT (Senator Cameron): Order! Senator Birmingham!

Senator MILNE: Thank you, Mr Acting Deputy President. He could have just gone to Sydney to meet John Howard. I do hope when he meets David Cameron, the Prime Minister of the United Kingdom, that David Cameron will point out to the Leader of the Opposition that the United Kingdom has a target of a 50 per cent reduction in greenhouse gases by 2027. I look forward to hearing what the Leader of the Opposition's response to that is when he comes back to Australia.

Senator BOSWELL (Queensland) (20:29): I suppose it is fitting that after the carbon tax we have to pick up the dustpan, mop and broom, and start cleaning up. I think we ought to go back to the genesis of this carbon tax. It was brought about by the—

The ACTING DEPUTY PRESIDENT: Senator Boswell, can I draw your attention to the issue before the chair.

Senator BOSWELL: I am well aware of the issue before the chair—it is the Steel
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Transformation Plan Bill. The reason we are going to need this $300 million package to support the steel industry is that the carbon tax is going to put huge costs on the steel industry. Mr Howes, one of your union partners, Mr Acting Deputy President, could see this coming. He could see what was going to happen to the steel industry. He made the statement that we are all aware of: 'If one job is lost, the unions will pull out.' This flowed through and we now have this $300 million steel industry package, because a lot of Mr Howes's members work in the steel industry. So, today, we have this package to assist the steel industry. Without the carbon tax, this steel package may not have been necessary—although I will acknowledge that with the high cost of the dollar and a number of other issues this support may have been needed.

I listened to Senator Milne and it really was like listening to something like Alice in Wonderland. Senator Milne wants to—

Senator Birmingham: I always thought Alice in Wonderland was quite nice.

Senator BOSWELL: Alice in Wonderland is a dream and Senator Milne is in a dream, saying that you can actually run a steel mill on renewable energy. You cannot. It is impossible, because your costs will keep going up. To run a steel mill on renewable energy will require millions and millions of RECs, renewable energy certificates, at around $60 or $70 each, depending on the time. That will add to the cost. When costs are added, people will buy their steel and other steel products from China.

The more you add to the costs in Australia, the more people flee the local product and go and buy an imported product. That should be perfectly obvious, even to the Greens. They just sit there and dream that we are going to go to a magical land of renewable energy. I hate to disillusion Senator Milne and her Greens friends. We had a small photovoltaic cell factory in this country and it had to close down, and 30 jobs were lost. That is the level of employment for a photovoltaic cell factory in Australia. Thirty jobs were lost, because 59 to 60 per cent of the photovoltaic cells are made in China—and so are the windmills. Where is this magnificent dream of renewable energy going to come from? We are going to have education and we are going to do all sorts of things, but it is not going to produce one more job.

Today, we are locking in behind a package of $300 million to support the steel industry because Mr Howes had to be bought off. He had to be shut up. Remember when he was parading in front of every television, saying, 'If just one job is lost then we are out of here'? In fact, he got $300 million, and has anyone heard of him since? It is the Paul Howes steel package, and that is why this has the support of the unions at the moment. I wish it was as easy as just buying off an industry. It is not. Australia has to face the fact that we are a high-cost country with high wages and pretty good conditions for the average working guy, and it is all because we have cheap power, not because we have some renewable energy thing that is going to put up the cost of manufacturing in Australia. We cannot do it that way.

Never mind, because Peter Beattie is going to come to the rescue on this! Peter Beattie has been employed for $1,000 a day on a part-time basis to look after the resources sector, including the steel industry. I think Peter Beattie was not a bad politician, but I do not know that he will be able to miraculously change the steel industry, the aluminium industry and the cement industry. They are all suffering because of the carbon tax. I do not think that he will be able to wave his magic wand and produce a panacea for all these industries.
After we have the steel industry package, we are going to try to beef up an antidumping package. I do not necessarily not support what the government is doing here. But it cannot go in and heavily penalise the steel industry with a carbon tax at $23 a tonne—going up to $29 a tonne—and then impose a renewable energy charge that will go to seven, eight or even 10 per cent next year, bundling that all up, and expect these industries to remain viable.

We are an international trading country. The first time we traded was when we sent a bale of wool to England and we have been an export country since that day—the day that Macarthur bundled up a bale of wool and sent it over there. We live to trade and we trade to live, and that is how the economy works in Australia. We have niche markets. We have areas we are good at and areas we cannot compete in. But one of the areas we have always competed in is manufacturing. We have always had a manufacturing industry. Unfortunately, today I think we are going to see the demise of that.

I have heard about magical new jobs. I have heard about a new economy. But we could not even sustain 30 people in a photovoltaic cell factory. How are we ever going to compete? This is an absolute dream! Senator Carr, you should understand that. Most people think you are a practical person—a little to the Left, but a practical person. You go out and talk to industry leaders, you go out and talk to people on the shop floor; they must tell you. You want to put a Walter Mitty world out there where everything works. I am terribly sorry, but as industry spokesman you have to understand these things.

We are going to spend something like $300 million. OneSteel made a loss of $185 million for the 2011-12 financial year. The company also had to cut 400 jobs across the country, and half of those came from the steelmaking industry. The announcement was followed on 22 August by the announcement by BlueScope that it had lost a billion dollars. It said it was exiting the steel export market to focus on its profit-making domestic steel market. Ninety per cent of domestic steel is imported from China. This is difficult to understand. It will probably be more after the carbon tax comes in. Those two steel industry companies employ 20,000 people. They made big losses last year and the year before. Their stock value has been decimated, from $12 to $2. The carbon tax of $23 per tonne is going to cost something like $120 million. They are already making a loss. Put a carbon tax and then a renewable energy tax on top of that and it is very obvious that the industry will continue to make losses.

Senator Milne called the people in. They probably said: 'Oh well, they're the Greens; we've got to be nice to them. Yeah, we'll listen to them.' Senator Milne, I say to you: yes, you have to be innovative—of course Australian industry has to be innovative—but you also have to be competitive. People will just take a sample of what we can manufacture in Australia over to China and have it made there. There is no reason for windmills to be made here. There is no reason for photovoltaic cells to be made here. They will be made in China. That is where they are made. Fifty-nine per cent of all photovoltaic cells for the world are made in China. You may be able to talk to Mr O'Malley, the BlueScope manager, and the OneSteel manager and they will be nice to you. Of course they are going to be nice to you; they are going to get $300 million. They are not going to come in and abuse you. They will want to be nice to you. But I talk to these people too, and they tell me that putting on a carbon tax has just about killed their industry. If their industry had some
support out there, the shares would not be $2. People know. Once you do this to an industry, you push it further and further out.

It is not only happening with the steel industry. It is happening with the aluminium industry. We have seen Rio Tinto in the last couple of days put their refineries on the market. We have seen that happen because of the carbon tax. Where is their $300 million? The cement industry is suffering too. Where is its package? Where are the packages for the cement industry and the aluminium industry? You cannot just pick up one industry. Many industries—in fact, the whole of Australia's manufacturing industry—are suffering because of a high dollar. Now they are going to have a carbon tax inflicted on them. After that they will have a renewable energy tax inflicted on them. When you keep adding to the burden, adding to the cost, people just flee overseas where the conditions that people work in are not as good as in Australia and where the environmental conditions are not as good. We will see an exodus of Australian industry to Third World countries, which will create more and more carbon pollution.

From 30 June next year it is going to be a catastrophe. You may not think so, Senator Carr, but I talk to people too. One of the people I talked to only last week was someone who owns generators. He said: 'Ron, you're talking about a 10 per cent increase in power. For households, that's about right. But this is going to be a 30 per cent increase in the cost of power to industry. Add another seven per cent this year for renewable energy, pushing it up to 10 per cent next year, and it is going up 40 per cent.'

Today I had a look at a submission from Bindaree Beef. They are going to be paying $4 million in electricity charges. That is an industry that has to be able to compete with other abattoirs around the world. They have worked out that the only way they can survive is to pay the grazier $10.72 less. So Bindaree Beef said: 'We cannot hold these costs. The only way we can survive'—and this was in the submission—'is to pay the graziers and farmers about $11 less to make up for the carbon tax and the increased costs of freight and coal and all the other inputs.' That is going to happen right around Australia. It is already happening around Australia.

I support looking after industry. We have got a $300 million package here, but our argument is: if you do not put a carbon tax on, you do not need a package. If you do not have a carbon tax, you do not penalise the industry and you do not have to incentivise the industry. But you do not listen to this. It goes on. Senator Carr, go out and talk to the Business Council of Australia or to the Chamber of Commerce and Industry, who are more involved in small business. It is a killing field out there at the moment, where governments, state and federal, are putting up prices, increasing costs, by about 30 per cent every two or three years. There is a limit, and the limit is just about reached. You are going to have a capital strike in this country, where businesspeople will not invest money because they have not got the faith that they can make a profit. It is happening now, but it is really going to happen from 30 June next year. The first bills that come in with the carbon tax are going to be horrific. People have genuinely thought, 'It's 10 per cent; it's going to hurt; it's going to kill us,' particularly if they have got a cold room or some big process that uses a lot of power; but, when they get that bill, it is going to be up at anywhere between 30 and 35 per cent. That is when you are going to find out you are in deep trouble.

It is no good paying people some sort of bribe by saying, 'We're paying for the cost of your power.' That does not matter if you
have not got a job or your kids or your grandkids cannot get a job. That does not matter. This is what you are going to see. You know, Senator Carr, that your modelling was done on the assumption that everyone would be in this. You know that there was other economic modelling produced yesterday that said that the costs were way out of line. The Treasury modelling said the costs would be $33 billion by 2016. This modelling said the costs would be $180 billion. We have never been able to get the modelling.

I wish that we could have an industry. I wish that people could have jobs. I wish that people could be reliably employed. Tonight I was talking to someone who employs 69 people, and he said that, every day, the state governments and the federal government come up with some scheme that is going to put more costs on him. Today the government is putting $300 million into the steel industry. I hope it works. I hope it sustains them; I really do. But, unfortunately, $300 million is going to be a drop in the bucket when you are putting a $29 a tonne carbon tax on them. It is not going to work. As for trying to make a steel mill run on a windmill, that is just fantasy land, Senator, and you know it. If you were honest, you would get up in the Senate and say it cannot be done. If you tell people the truth, they are more likely to follow you. But you feed this fantasy to them. What you and the Labor Party are saying, following the Greens, is that we can have this new magic world where everyone is happy! It is like the yellow brick road. All we have got to do is follow the yellow brick road and we will come to the Emerald City, and the Emerald City will be made of renewable energy! Well, renewable energy is a huge, costly sinkhole that you pour money into, and it does not sustain industry. (Time expired)

Senator BIRMINGHAM (South Australia) (20:50): It is a pleasure to follow Senator Boswell in this debate on the second reading of the Steel Transformation Plan Bill 2011. He makes so many valid arguments about what the government are up to with this bill and about its potential impacts. It is nothing more than a tricky little tactic of the Labor government that they have brought this bill on separately from those which we voted on earlier today. We saw the government put through the parliament earlier today the Clean Energy Bill 2011 and 17 other bills related to the clean energy package. When they wanted to have committee consideration of the legislation, they thought it was perfectly reasonable to send the Steel Transformation Plan Bill off to the same joint select committee that considered the clean energy bills. They lumped them all in as one. They were happy to have the 19 bills considered together. Yet, for purely political purposes, they seek to have this bill considered separately from the other 18 clean energy bills. Why? Because they want to create some type of fake wedge so they can say, 'The opposition voted against support for the steel industry.'

That is what Senator Carr wants to go out there and do, and no doubt that is what he will do. But people will see through it. People will see through it because they will know, well and truly, that the only reason the government has proposed this in this way, in this place, at this time, the only reason the government has put the money on the table, the only reason we are voting on it on the same day as the carbon tax, is the carbon tax. This is all about the carbon tax. If you do not have the carbon tax, you do not need the compensation. That is not to say you do not need plans for the steel industry, Minister Carr; you absolutely need plans for the steel industry. But you have been dragged kicking and screaming into putting together this little
piece of legislation to hand over a bit of money all because of the clean energy bills and all because of the carbon tax.

Senator Boswell: And Paul Howes.

Senator BIRMINGHAM: And, frankly, it is all because of Paul Howes, as Senator Boswell highlighted and as I will be turning to as well: 'Not one job!' But the minister has already failed that test, of course.

Senator Boswell: No, because Peter Beattie got a job.

Senator BIRMINGHAM: Peter Beattie did get a job, so there is one winner so far out of the Steel Transformation Plan Bill. But I thought Paul Howes was promising that not one job would be lost, and already we have seen the steel industry shed jobs since this plan was announced and even since this funding was announced. Let us understand that this plan and this funding are nothing more than a rotten little bandaid that will not last very long. It will apply some money for a period of time and so that will buy a little bit of peace for the government. That is all they are hoping for. They are hoping that this money will last past the next election, that it will ensure the steel industry in Australia survives past the next election, that they can keep Mr Howes and his cronies quiet past the next election, that it will actually achieve that much. That is all they are hoping for because, of course, the money will run out.

This is not some type of ongoing support to address the fundamental issues of the carbon tax, because the money from this runs out and the carbon tax, if Labor get their way, is here forever. It is here to stay. That is certainly what Prime Minister Gillard was saying today, that Labor stand by the carbon tax now, in five years, in 50 years, however long it takes—forever. So we know the government have the carbon tax here forever. We know the carbon tax is going to keep going up and up and up. The price of it keeps going up dramatically right through at least the modelled period to 2050, and it will go up beyond that, given the way the trajectories and the curves have indicated, at that time. This money will be flat out lasting for a couple of years, and then the steel industry are on their own again unless they manage to convince the government to fork out for another bailout plan. So this is little more than a bandaid. It is a bandaid measure that may last until the next election if Senator Carr is lucky. It may manage to hold things together for that long, but that is all that it is likely to achieve.

Senator Carr, you come in here and you try to talk about how it is a transformation—and you insert that grand word, 'transformation', into the title of this bill—but nobody is conned by that; nobody thinks that you are going to somehow, through this one bill and through this $300 million in spending, miraculously set the steel industry up for a bright future under the carbon tax, without some type of further assistance. So nobody is conned by that, and ultimately we will face a future in which governments will either have to fork out yet more money for the steel industry to prop it up under the carbon tax or, alternatively, see the steel industry die not the death of a thousand cuts but instead the death of one mighty sword blow to the neck in the name of the carbon tax.

The AWU state secretary in South Australia, Mr Wayne Hanson, had it right when he was talking about some of the major industrial towns in my home state. Take the words of Mr Hanson, when talking about Whyalla, the home of the OneSteel operations there, and Port Pirie, the home of the Nyrstar smelter there, and about what the impact of the carbon tax could be on those towns. What did Mr Hanson have to say about the potential impact of the carbon tax
on the towns of Whyalla and Port Pirie in South Australia? He said this of those towns under the carbon tax:

'Goodbye. They will be off the map …'

That is what Mr Hanson thought the carbon tax would do. Why did he think that would be the case? Why did he think that the carbon tax would cause the towns of Whyalla and Port Pirie to be wiped off the map? He said:

It's ridiculous to consider (a carbon tax) when you don't have other countries that are prepared to adopt a common approach," he said. "… Should we be the trail-blazer?"

Mr Hanson seemed to really hit the nail on the head. Sadly, after he made these comments he went to ground very quickly. I can only assume that some of his friends in the labour movement suggested that such honesty was not encouraged in the labour movement and that such honesty in the public arena was not something that they wanted to hear from people like Mr Hanson, who might actually be exposing in some way the government's rotten plans that will destroy industries like the steel industry. Mr Hanson was not alone. It is little wonder that Mr Hanson, the state secretary in South Australia, felt empowered—he felt liberated; he felt free—as a result of Mr Howes speaking so freely about the potential implications of the carbon tax. With the liberation, empowerment and freedom that Mr Howes gave to Mr Hanson, Mr Hanson went out there and indicated that he thought the carbon tax could wipe the towns of Whyalla and Port Pirie off the map.

Why? It is pretty simple when it comes to the steel industry. It is really very, very simple. The steel industry in Australia supports around 15,000 jobs or thereabouts. When it is making steel, more than 80 per cent of the emissions from steelmaking are released in the chemical reaction that produces iron. There is no technical alternative and, according to the steel industry, one is decades away. Let us dwell on that technical fact for just a moment: more than 80 per cent of the emissions from steelmaking are released in the chemical
reaction that produces iron; there is no technological alternative to this and one is at least 20 years away, according to the steel industry. But hang on; I thought—let me just check on this, but I thought—this Steel Transformation Plan was only offering $300 million over the period of 2011-12 to 2016-17, according to the explanatory memorandum, and even then, when you look at the detail of the bill, that funding could all be committed far, far sooner than in that short window of time. So we have at least 20 years before the steel industry is going to find some way to mitigate, to overcome, the fact that, technologically, 80 per cent of its emissions are locked into the chemical reactions that take place when you make steel. Eighty per cent are locked in, and the industry faces 20 years before it thinks there might be a technological breakthrough, yet this government is offering a few pieces of silver for a few years. It is offering $300 million for just a few years. What happens after that, Senator Carr? What happens after that to Australia’s steel industry? How do you expect this industry to remain competitive after that? Indeed, the Chairman of OneSteel, Mr Peter Smedley, said: ‘There is no technology available today or in the foreseeable future for the company to be able to reduce its emissions. A carbon tax would merely be an additional cost.’

You might call this a transformation plan—and, Senator Carr, it might well be a transformation plan—if there were an alternative technology readily available in the next couple of years that the steel industry could pick up off the shelf out of Europe, Asia, the United States or somewhere else and apply to their production practices in Australia. That might then transform the industry. It might transform their emissions profile. It might actually be part of a transformation plan. But, when that alternative technology is not available, this is nothing more than a bandaid. It is simply a bandaid. It is a handout given, as I said before, to keep the industry intact past the next election.

Do the industry welcome it? Of course they do. It is better than facing the carbon tax without this. But, from the coalition perspective, our position is crystal clear: the industry should not have to face the carbon tax and therefore should not have to have the compensation. If you want to provide funding for alternative purposes—to address the impacts the industry feel from the higher dollar or from the higher labour force costs that come from the industrial relations policies of this government; if you want to provide funding for other purposes—that is a separate debate.

But the government in every sense except the parliamentary votes has coupled this package with the carbon tax. It was only developed after the carbon tax was developed, in response to steel industry concerns. The legislation was only drafted and released with the final pieces of the carbon tax legislation. When the government wanted to have a committee of this parliament inquire into this legislation, it lumped it in with the carbon tax legislation. At every step of the way, this has been done in tandem, in lock step, with the carbon tax because that is what this proposal is all about. It is only out of a sheer political desire of the government to try to somehow wedge the opposition on this issue that it seeks a separate vote.

That is why we will not fall for such a blatant, stupid, political tactic. Our vote on this legislation will be the same as our vote on the carbon tax legislation because the two should have been voted on together. They should have been voted on as a package. Everyone in this chamber knows that. Everyone in this chamber knows that the two
are in lock step and they should be voted on
as a package. It is to the government's shame
that they were not voted on as a package.
And that is why the coalition will stick
absolutely to the consistent position that we
have taken throughout the debate today and
over the last few days.

I did notice whilst in the chamber before
that Senator Milne sought to move a second
reading amendment to this legislation. Can I
just reflect—because I had the opportunity to
do so a couple of times during the debate on
the carbon tax bills that were debated
together, as against this carbon tax
bill that is
being debated separately—on how the tactics
and approach of the Greens have changed in
this place. Once upon a time, if the Greens
wanted the government to consider a plan—
be it for the Illawarra or elsewhere—as part
of legislation, the Greens would propose
detailed amendments to that legislation.
They would take it into the committee stage
and those amendments would be debated and
would become part of the law if they were
successful. Now, though, we see that,
because the Greens dare not rock the boat
with the government and the government
dare not rock the boat with the Greens, the
Greens have been pushed down to the stage
and reduced to the point of simply doing
second reading amendments to try to signal
what they might like
—to signal that the
government should take
into account certain things. This is what the
Greens have been reduced to.

Of course, I can understand why the
Greens might be a little timid about what
they want to say in this regard, because we
had the very embarrassing situation earlier
this year where Senator Hanson-Young,
from my home state, was quoted in an article
headlined 'Steel town could thrive without
steelworks, says Hanson-Young'. I tell you
what: that was news to the people of
Whyalla. They are very resilient people in
Whyalla. They are very hardworking people.
They are very decent people. They are
people who try, of course, to generate a
range of other industries and activities in
their city. But OneSteel is directly
responsible for the jobs of up to 4,000 people
in this city of 22,000, and the very notion
that Whyalla could thrive without the
steelworks—thrive, no less—is, of course,
just utter, utter madness.

My colleague Senator Colbeck, I think,
highlighted just how much damage the
carbon tax has done—in particular to
BlueScope and OneSteel—in his contribu-
tion. He demonstrated that more than 60 per
cent of the market capitalisation of those
companies has been wiped off the share
market since the carbon tax was intro-
duced—well above what has been felt
anywhere else. That is because the share
market knows that, for the long term, this
Steel Transformation Plan does nothing. It is
no more than a bandaid designed to see the
government past the next election.

Senator CASH (Western Australia)
(21:10): I think we all know that, in relation
to the Steel Transformation Plan Bill 2011,
there is only one reason that we are standing
here today in this chamber debating this
particular compensation package, and that is
that today the Australian people witnessed
the greatest fraud ever perpetrated upon
them: they witnessed the passing of the
carbon tax legislation. They witnessed Labor
senators on that side of the chamber
completely, totally and utterly betraying the
policy position that the Labor Party took to
the 2010 election, which was, as we all
know—because we have stood here and said
it time and again—'There will be no carbon
tax under a government I lead.' But what
happened? The Labor Party, in order to form
government, had to get into bed with the Australian Greens. Paul Sheehan, in his opinion column in the *Sydney Morning Herald* which was published under the banner headline 'Green by name, flaky by nature', said this:

The Greens are a fraudulent brand. There are not enough letters of the alphabet to encompass the image fraud this party is perpetrating on the electorate. It is simply not a party preoccupied with the environment.

That is the party that the Australian Labor Party formed government with, and as a result Australians witnessed today the greatest fraud ever perpetrated on them: the passing of the carbon tax legislation.

But, you see, the Labor Party had a small problem. In agreeing with the Greens to pass this toxic tax, they had upset a number of the unions that put the Labor Party into this place. For example, the great Paul Howes made a great big song and dance in the early days of the carbon tax when he said to the Prime Minister, the Labor Party and the people that he allegedly represents, 'If one job is lost under the carbon tax legislation, we will withdraw all support for the Gillard Labor government.' So the Labor Party had a bit of a problem, because they had done a deal with the devil—with the Australian Greens party—to push the carbon tax legislation through, but in doing so they had now upset the people on their own side. As Senator Mason has so eloquently said in this place, the Australian Labor Party are being cannibalised on the left by the Australian Greens and they are being sold out on the right. The Australian Labor Party now stand for absolutely nothing unless somebody is telling them what they have to do by way of a deal.

So what did the Labor Party have to do? In order to ensure that Mr Howes did not actually do what he had threatened to do—because, believe you me, there has been more than one job lost since the carbon tax legislation was announced—they had to put in place the compensation package that we are debating in this chamber tonight. There is no doubt that, if there were no carbon tax, we would not be standing here tonight debating a package that, as the shadow minister Senator Birmingham so eloquently said, is allegedly going to transform the Australian steel industry. Well, if we are transforming the Australian steel industry with this compensation package, God help the Australian steel industry. We all know—because Minister Combet himself is on the record as saying—that the only reason the government have brought this bill before the parliament is that they know that, in putting through the carbon tax legislation, there will be, without a doubt, a detrimental effect not only on the steel industry but on industries throughout Australia. That detrimental effect may well see the loss of jobs because of the closing down of these businesses in Australia.

Again, I go back to Paul Howes, the great saviour of the worker, who said, 'If one job is lost because of the carbon tax legislation, I will withdraw all of my support.' So what did Minister Combet come out with? On 10 October 2011 Minister Combet actually admitted that the establishment of the Steel Transformation Plan has been purely driven by the carbon tax. Why do I say that? It is because Minister Combet said, 'The negotiation of this Steel Transformation Plan did come out of the discussions we have had with the steel companies for months now over the carbon price issue.'

We on this side of the chamber have also had discussions with companies within the steel industry and the manufacturing industry in Australia. I am sure that when those industries came to see us on this side of the chamber they said to us exactly what they were saying to those on the other side of the
chamber, which was: 'If you go through with this legislation, do you understand what the implications of it will be? It is bad enough that the carbon tax means a new tax for Australia of $9 billion a year. It is bad enough that the carbon tax means a 10 per cent hike in electricity costs for the mums and dads of Australia. It is bad enough that the carbon tax means a nine per cent hike in gas bills, and that is in the first year alone. It is bad enough that the carbon tax means a $4.3 billion hit on the budget bottom line. But, on top of that, it may well see the end of the steel manufacturing business as we know it in Australia.' So I say to Mr Howes, 'If you are actually a man of principle, if you are actually a man of your word, you will do exactly what you said you would do and withdraw all support from the Australian Labor Party.'

Even though the government have put forward this compensation package—or, as they like to call it, the Steel Transformation Plan—there is a problem for the steel industry in Australia. That problem is this: under the package that we are debating tonight, there are only two steel manufacturing firms in Australia that are going to benefit if this package passes the Senate. That is not us on this side of the chamber saying that; that is written into the Labor Party's legislation. I greatly doubt anybody on that side, let alone members of the Australian Greens, have actually bothered to read this legislation but, if they had, they would have seen in proposed section 4 that there is a defined term. That defined term is 'eligible corporation'. An eligible corporation comes down to two firms in Australia. Those firms are BlueScope Steel and OneSteel.

What that says to us on this side of the chamber and to the mums and dads of Australia who are going to be paying under the carbon tax that today passed through this place is that the great Labor Party, who said they never do deals, have done yet another deal. It was bad enough that the Labor Party did a deal with the big miners on the mining tax. It was bad enough that they did a deal with asylum seekers on the Oceanic Viking. But just to appease unionists and Paul Howes, the Australian Labor Party have done yet another deal. That deal results in just two steel manufacturers in Australia actually qualifying under this package. Senator Birmingham named so many of the other steel businesses in his speech tonight—thousands of steel fabricators all over the country. These are not big companies. Go to my patron seat of Brand and the Kwinana industrial strip back in Western Australia and you will see that these are not big companies.

These are companies that were set up by mums and dads of Australia who believed in the Australian dream. They actually believed this was a country of opportunities. They actually believed that this was a country in which you could have a go. They actually believed that the role of government, when it comes in particular to small businesses in Australia, is to provide them with a regulatory environment in which they can grow and prosper. And then they got the government that was formed at the 2010 election. The closest the majority of those in the government have ever come to a business in Australia is to ensure that that business is closed down. That is the reality and that is what is reflected in the package that we are debating tonight. Two companies will actually qualify for assistance under this compensation package. All those thousands of small businesses, those thousands of mums and dads who took a risk and decided to have a go, will get absolutely nothing under the so-called steel transformation package that we are debating tonight.

The impact that that will have on jobs in Australia will be absolutely devastating. It is
estimated that in 2006-07 there were approximately 91,000 employees across the entire Australian steel industry chain. Do you know what the problem with that is? Only 15,000 to 17,000 of them are employed by the two companies that will qualify for assistance under this steel package. So 91,000 employees across Australia are employed in this industry, but only 15,000 to 17,000 of those employees are employed by the two companies that will potentially qualify for compensation under this steel package. So when the Labor Party stand up in this place and say, 'We are the party that looks after the little person, we are the party that stands up for employees in Australia, we are the party that stands up for the workers,' that is nothing more and nothing less than hypocritical rhetoric. What does it say to the approximately 75,000 workers in the steel industry in Australia who are quite likely to lose their jobs? They will not qualify for any compensation under the steel industry transformation plan, but what they will qualify for is a lot of pain under the carbon tax legislation. And the Australian Labor Party have the audacity to say to the people of Australia that they are the party that just does not understand the reality of business. In particular, they do not understand the reality of small business and the fact that an announcement like the carbon tax—the pushing through of legislation that is going to increase the price of electricity, wages and almost everything that a small business touches—has an effect on a small business's bottom line.

If you want to look at the impact of the carbon tax on the steel industry, you need only look at the devaluation in the shares of OneSteel and BlueScope Steel since the government announced its carbon tax legislation. The figures do not lie. On 23 February 2011 the share price for OneSteel was $2.86—and then the government announced its carbon tax. And since then, right up until today, 8 November 2011, the share price of OneSteel has absolutely plummeted, and that is almost solely due to the fact of the carbon tax. It has gone from $2.86 on 23 February 2011 to 96c today. And that is only OneSteel. If you look at BlueScope Steel, on 23 February 2011 they were trading at $2.20. And what was the one policy announcement that this government made? Despite their election promise to the Australian people, despite the fact that they promised that there would be no carbon tax under a Labor government, they announced the imposition of a carbon tax. And what did the share price of BlueScope Steel do?

**Senator Mason:** Tell us.

**Senator CASH:** Senator Mason, just like OneSteel it has plummeted. It was trading at $2.20 on 23 February 2011, but today it is trading at 74c. That is what you get when the majority of senators in this place on the government side are former trade unionists. That is what you get when the absolute closest that the people in the current government have ever come to a business is to ensure that that businesses is closed down. This is a government that just does not understand the reality of business. In particular, they do not understand the reality of small business and the fact that an announcement like the carbon tax—the pushing through of legislation that is going to increase the price of electricity, wages and almost everything that a small business touches—has an effect on a small business's bottom line.

Those of us on this side of the chamber know that the margins in small business are very small. If you move those margins, what you effectively do to that business is shut it down. Despite the fact that we are standing here tonight debating the Steel Transformation Plan Bill, none of those thousands of businesses—the thousands of steel fabricators all over Australia, many of them longstanding businesses operated by the mums and dads of Australia—will
actually qualify for any compensation under this bill. What that says to those business owners is that they will have a decision to make, and the decision, as we know—because it has already been made by so many small businesses in Australia—is not going to be a very nice one. The decision will ultimately be to close their doors. And when they close their doors we all know what happens. They lay off employees—it is as simple as that. They lay off employees, and the mums and dads of Australia, who are already battling under the higher cost of living, will not have jobs and they will have no income.

That can all be put down to the Australian Labor Party, who promised the people of Australia prior to the 2010 election that they would not do this to them. They went to the election saying to the people of Australia, 'We will not impose a carbon tax on you.' And what that meant was: 'We will not impose a policy that is going to increase your electricity costs. We will not impose a policy that is going to directly increase your costs of living. We will not impose a policy that is going to see businesses in this country go offshore. We will not impose a policy that is going to see the closure of businesses in Australia and the loss of jobs by so many mums and dads across the many states of Australia.' But that is exactly what the Australian Labor Party did. Given the Labor government's betrayal of the people of Australia, it is patently true that Labor's continual claim that it alone is the party that looks after the workers is just more dishonest Labor rhetoric.

Senator BUSHBY (Tasmania—Deputy Opposition Whip in the Senate) (21:30): I also rise to contribute to the debate on the Steel Transformation Plan Bill. What a classic piece of doublespeak the title of that bill is. It makes me think that we are living in George Orwell's 1984, in which the ministry of peace conducted wars. The fact is that this Steel Transformation Plan is more like a steel snow job plan. It is really designed to cover up the dramatic effect that the government's toxic carbon tax will have on the steel industry—along with just about any other industry you can point a finger at in the country—and the need for some sort of pretence at doing something to keep the doors of the steel industry open.

The reality is that the only reason that there is any need for the Steel Transformation Plan is to try and limit the damage that we know the government's carbon tax will inflict on the steel industry. Indeed, Senator Thistlethwaite, earlier today in the debate on this very bill, made a statement which I do not mean to misquote him on, but I think he said that the effect on the steel industry will be devastating. He used the word 'devastating' and he made it quite clear that the effect on the steel industry will be devastating and that was why the government needed to introduce this plan. He is right. If there were not a carbon tax, there would not be a need for a Steel Transformation Plan, a steel snow job plan, or whatever you want to call it, because there would not be the devastating impact that the government's carbon tax will impose on the steel industry.

Senator Cash has very eloquently outlined the impact that this has already had on shareholders' assessment of the value of these two companies, and I will also look at that in a minute if I have time. It has been absolutely dramatic. We have seen a 66½ per cent fall in the share price of OneSteel since February of this year and a 66½ per cent fall in the share price of BlueScope Steel, a two-third slashing of the price. That is real money we are talking about. We are talking about $2½ billion slashed off the share price of OneSteel and over $2½ billion slashed off the price of BlueScope Steel. There is one
reason, and one reason only, that that has occurred—the carbon tax.

You can look at the fall over the course of the year. It is quite clear that once the government set up its interparty committee on climate change and started talking about a carbon tax, the share price went into freefall, and it has continued on that line right up until the current time, when the share price is now roughly one-third what it was at the beginning of the year. Even Minister Combet, the Minister for Climate Change and Energy Efficiency, admitted that the establishment of the Steel Transformation Plan was driven purely by the carbon tax when he said that the negotiation of the Steel Transformation Plan came out of the discussions with steel companies which took place for months over the carbon price issue. The fact is that this is the 19th bill of the clean energy package. It may not be described that way, but it is as necessary a part of the clean energy package as any one of the other 18 bills is. The impact that is being addressed by these bills, in part, arises directly out of the fact that the government has chosen, in breach of its solemn promise to the Australian people, to introduce the clean energy package and thereby its toxic carbon tax.

To the great shame of the Australian Labor Party, we have today, through the passage of those 18 bills, witnessed the biggest and most duplicitous betrayal of the Australian voting public this nation has ever experienced. Make no mistake, there is no chance that the ALP would have won enough seats at the last election to be in a position to sell their soul to the Greens if they had not promised that there would be no carbon tax under a government led by Prime Minister Gillard. The Prime Minister may be many things, but she is not a dunce. She knew in the lead-up to the election that the outcome would be close. She knew that the Australian people did not want a carbon tax. She knew that when the Leader of the Opposition challenged her to rule out a carbon tax in the days leading up to the last election she had no choice but to do so if she wanted to have any chance to hang onto power. And she knew that after the election, if she managed to hold onto power, she could, to paraphrase Mr Garrett, the member for Kingsford Smith, just change it all—and that is what she did.

In total disregard of the solemn promise that she made in order to trick enough of the Australian population into voting Labor, the Prime Minister immediately cast away any pretence of keeping that promise in order to do a dirty deal with the Greens to hang onto power. The national interest did not come into the decision. What is in the best interest of Australians did not come into the decision. A sense of integrity or wanting to keep good the promise made to the Australian people did not come into the decision. The only thing that mattered was holding onto power and, to paraphrase ex-Labor minister Graham Richardson, she did whatever it took to do so.

The fact is that the experts—the shareholders, the financial advisers and the financial analysts—agree that this is going to be absolutely devastating for the steel industry, which has a strong and proud record in Australia as an employer over many decades of tens of thousands if not hundreds of thousands of Australians. The steel industry is one that has enjoyed the confidence of shareholders for decades if not over a century, I think, in some cases. It has a long and proud history and has enjoyed strong investment, particularly in recent years, since the introduction of the superannuation guarantee charge, from superannuation companies. The reality is that there is a large amount of Australian superannuation holders' money in OneSteel and in BlueScope Steel.
In recent days we have heard stories about how the government would like to ensure that workers' superannuation and retirement incomes are protected into the future and that they are able to have a good solid nest egg when they retire, and that is why they are increasing the amount of the SGC from nine to 12 per cent progressively over the next few years. It is not going to be much use to increase their SG contributions by three per cent if you are making decisions which slash 66 per cent off the value of the shares that they hold in those companies. Make no mistake, a large percentage of Australian superannuants have shareholdings, through their trust funds, in companies just like these and in other companies outside the steel industry whose share prices will be similarly affected—to the same extent, less, maybe even more—by the decision that has been put into effect through the passing of the legislation earlier today.

The other thing about this transformation plan is that only two Australian firms—BlueScope Steel and OneSteel—qualify for assistance. This is because of the definition of 'eligible corporation', which is contained in proposed section 4 of the bill. In other words, the plan provides a rerun of the mining tax renegotiation debacle, where the government has gone off and talked to the top end of town, done a dirty deal with the top end of town and looked after them, but paid no heed whatsoever to middle-size companies or small companies.

Senator Cash highlighted very effectively the impact that the carbon tax will have on small businesses right across the country, particularly those that are involved in the steel industry. If I had more time I would talk about how the bill could only run for one year, whereas the carbon tax has been put in at least until 2050, on the basis of the government's own document, but the reality is that the vast majority of companies involved in the steel industry, other than these two companies, receive no assistance whatsoever despite the fact that they are also energy intensive in the same way that BlueScope Steel and OneSteel are. Their costs will also dramatically increase and their ability to be competitive on an international scale or with imports will also be vastly reduced as a result of this tax.

I understand that there are other senators who wish to speak so I will conclude my comments. I think this is an appalling bill that should never have been needed to be brought forward.

Senator RONALDSON (Victoria) (21:39): I congratulate Senator Bushby on his speech on the Steel Transformation Plan Bill, and I also congratulate him on his contribution to Movember. The money he will be raising is for a very good cause.

I just say that the political fix is in, with this bill. I will not go over the other comments that my colleagues have made tonight, but they have put a very strong case that this bill is just about shoring up three or four Labor seats which should not need shoring up. Because of this diabolical and toxic carbon tax, those opposite are required to put in $300 million of taxpayer funds to sort out three or four Labor seats.

I find it absolutely intriguing that on 10 October this year Minister Combet, the Minister for Climate Change and Energy Efficiency, admitted that the establishment of the Steel Transformation Plan had been driven purely by the carbon tax. He said, 'The negotiation of the Steel Transformation Plan did come out of the discussions we have had with the steel companies for months now over the carbon price issue.' But what did we hear from the apologists for the Labor Party tonight? Senator Milne, the power sharer—the new powerbroker in the ALP—was pleading the case tonight that it was
unrelated. Well, I am sorry, Senator Milne, Minister Combet said that it was. Why would you come in here and say it was unrelated when Minister Combet has said that the plan was directly related to carbon pricing? I will tell you why: you have taken this power sharing to heart. In fact, you have been upfront about the power sharing.

All we heard from the Australian Labor Party this afternoon, after your speeches, was that this carbon tax was their idea. They were trying to get some ownership of this toxic tax. They have been dragged kicking and screaming into this. If you speak privately to many on the other side you will find out that they know this is a dirty deal for the Australian community. They will tell you in private—I will never betray confidences—that this is a deal done with the Greens that will spell the demise of the Australian Labor Party.

Senator Jacinta Collins interjecting—

Senator RONALDSON: You should be able to see that, Parliamentary Secretary. You of all people, with your philosophical background in the Australian Labor Party, should know that you have been completely and utterly seduced by the philosophical Left. The philosophical Left have got you, and they have got the rest of the Labor Right, and they have dragged you, kicking and screaming, into a deal that will destroy you.

I can tell the Parliamentary Secretary for School Education and Workplace Relations—through you, Acting Deputy President Crossin—that I would fight and kick to protect the Australian Labor Party before I would do anything to protect the Australian Greens. The Australian Greens are hell-bent on destroying what we stand for—both socially and economically. The desire of the Australian Greens is to have a world political party that will completely change the way this country operates—and any other country they happen to get control of.

This is a very, very bad day for the Australian people. It is an equally bad day for that once-proud Australian Labor Party. And this is not power sharing at all. This is a deal that will destroy the Labor Party. If the members of the Labor Party cannot see what has been done then I think that is even sadder.

Senator Cash and others have referred to the share price of these two companies—the only two companies that will share the $300 million. As Senator Cash quite rightly said, on today’s valuation BlueScope is at 73c and OneSteel is at 94c. Do you think the shareholders in those two companies are celebrating this deal today? What did the market do today? It voted with its feet in relation to this deal and said that $300 million would not in any way compensate for the enormous damage that has been done to our companies. The market said it is a bad deal. The market always speaks the truth and it shows 94c versus $2.86 and 73c versus $2.30. The market never lies. The market knows today that these two companies will be utterly devastated by the carbon tax and the market knows full well that $300 million will not compensate for that loss. If it did, I can tell you now that the share price would be back at $2.86 and at $2.20, and the fact that it is not means the market has factored in the damage of this toxic carbon tax and factored in the fact that this is a bum deal. It is a bum deal for the companies concerned, it is a bum deal for the shareholders concerned and it is a bum deal for the Australian people.

What galls me most is that this deal was done on the back of a lie. And if there is one person in this country who should be trusted during an election campaign, surely that one person has to be the Prime Minister of this
country. The one person who gives a solemn vow to the Australian people and should be believed is the Prime Minister of this country. The second person who should be believed in this country is the Treasurer. Both of them went to the Australian people and promised with their hands on their hearts that there would not be a carbon tax—‘There will not be a carbon tax under a government I lead.’ Wayne Swan: ‘We’re not going to respond to this hysterical proposition that we’ll introduce a carbon tax.’ Well, we know what happened.

How members on the other side can go back to their electorates and say to them that they have got a deal out of this beggars belief. Indeed, on the other side of this chamber there are people who were elected on the back of a lie. I have no reason to believe that they knew that the lie was being told at the time. I acknowledge that. But I also seek acknowledgement that the only way that this matter can be clarified is for the Australian people to have the opportunity to vote on it. That is what we have been demanding for the last 12 months: to go back to the Australian people and say to them, ‘You have a choice about this carbon tax.’

The bottom line is that if we lost the election that would be an imprimatur for the carbon tax. But if we won the election it would be an imprimatur for us to get rid of it, to take this toxic tax away. What I have not heard is the Australian Labor Party acknowledging that, if we win the election on the back of a referendum on the carbon tax, they are obligated to vote with us to vote this tax down. I do not know why there is not one person from the Labor Party that is prepared to stand up and say that is what will happen.

Senator Bushby: Where was Conroy?

Senator RONALDSON: Of course, the deputy leader was not here, and he says it is a conspiracy theory. I do not think it is a conspiracy theory from what I hear coming out of the cabinet at this stage—talk about a leaky boat. Senator Conroy was not here for a good reason, and you can look around and see the looks on the faces of those who know this is wrong. You can see them saying to themselves: ‘I wish I was anyway else but here. I wish I could swap places with the deputy leader, Senator Conroy, who was not here.’

I will finish on this note. There is a unique opportunity for the Labor Party to finally lock it in now, so we can spend the next two years not debating this fact but going through on the back of reality—one member of the Australian Labor Party could stand up and say, ‘If we go to the polls and we lose, we will vote with you to get rid of this toxic tax.’ It is your call. It is your obligation, and we demand you do so—as do the Australian people.

Senator ABETZ (Tasmania—Leader of the Opposition in the Senate) (21:49): The Steel Transformation Plan Bill 2011 represents the emergency surgery necessitated by an act of gross violence—in this case, gross economic violence, perpetrated by a government in lockstep with the Australian Greens, a government hopelessly out of its depth and hopelessly incompetent. Put very simply: but for the carbon tax we would not need this compensation package. That was revealed to the Australian people by Mr Combet himself, the Minister for Climate Change and Energy Efficiency, on 10 October 2011 when he admitted that the establishment of this so-called Steel Transformation Plan had been driven purely by the carbon tax.

As with all things Labor, this bill has an Orwellian title. It is called the Steel Transformation Plan Bill. Well, the steel industry has already been transformed,
courtesy of this Labor government. The steel industry has been transformed because of the threat of the carbon tax which this parliament today voted to enact—might I add, against the express promise to the Australian people by those sitting with the Australian Labor Party.

The steel industry in this nation was in fact transformed with the announcement of the carbon tax. Hundreds of millions of dollars were struck off the share value of these big steel companies, great employers, great historic institutions in the Australian economic landscape. They were devastated by this announcement. People from time to time say: 'But what does it matter? It's a big steel company; why does it really matter?' You know why it really matters? Because superannuation companies, for example, invest, and invest heavily, in these sorts of companies, and what do superannuation companies do? They pay dividends to superannuants and the self-funded retirees of Australia. So when you mug industries like the steel industry and take away their financial viability, you take away income from the superannuants and the self-funded retirees of this country. That is why this sort of economic recklessness needs to be exposed and why we oppose this sort of so-called 'transformation'. It really is Orwellian to call the mugging of an industry a 'transformation'. I suppose if you are in a bad accident you can say that your body has been transformed. Most people would say that you have been badly injured. That is what Labor, in lock-step with the Australian Greens, have done to the steel industry, and that is why they have now decided to provide a bandaid measure of some $300 million.

**Senator Fierravanti-Wells:** Bandaids are not good for bullet wounds.

**Senator ABETZ:** As Senator Fierravanti-Wells interjected so very aptly just then, 'Bandaids are not good for bullet wounds.' They might cover up the damage, they might make the victim feel a little bit better, but that does not overcome the inherent damage or the inherent wound that has been inflicted. Let us make no mistake, the steel industry is only one of the industries to suffer.

In Europe the once proud aluminium smelting sector has moved, and in Europe they only have about one-tenth the carbon price that Australia is going to have foisted upon it. They have not moved to solar, they have not moved to wind power, they have moved to Africa. Does anybody actually believe that the environmental standards in Africa are better than they were in Europe prior to a carbon price in Europe, modest as it is? Of course not.

Similarly, we had the example in Australia earlier this week of Coogee Chemicals, a company that was willing to invest $1 billion in a world-class methanol plant, with 150 jobs and over $14 billion worth of exports to be earned by our country. Where have they gone? They have decided not to build in Australia. They have decided to build in China, where they admit the carbon footprint, the carbon dioxide emissions of that plant will now be four times what would have been emitted in a pre-carbon-tax Australia. That is why the legislation that was passed earlier today not only is so damaging to jobs and the economy but, perversely, is also going to damage the world environment.

This steel transformation bill is in fact the last of the 19 bills that make up the totality of this package. It is interesting to note that the people who were in the galleries earlier today are not here now to see through the steel transformation bill. They have no concern for the steelworkers. The Greens were bragging for a week that there was
going to be an early vote and people should come to Canberra to the gallery and celebrate. They were out there asking everybody to come. During the debate, because some of the Labor contributions were so boring, especially that of Senator Wong, I spun around and I counted 100 empty seats in the gallery. What is more, half of the seats were filled by departmental officials whose jobs were on the line. This great popular movement in support of the carbon tax fell flat. The opinion polls have not deceived in relation to public support. Of course, we know that the opinion polls were telling Labor before the last election that a carbon tax would be immediate death. What did Labor do? They promised no carbon tax. A solemn promise.

Just before I came into the chamber I was doing some talkback radio on 2SM. Every single caller was feeling betrayed, not by the Australian Greens but by the Australian Labor Party. It is a party that once proudly stood for the working man, for a manufacturing sector in this country, and was genuinely concerned about ensuring that the cost of living did not get out of hand and about genuine job security. What we have instead now is a Labor Party that has sold its soul, its philosophical soul and policy soul, to the Australian Greens in a bid to stave off the death that it would have otherwise faced at the last election. By deceiving the Australian people, by doing a dirty deal with the Australian Greens, it may have staved off its execution for a period of three years.

The people of Australia will come to judge the Australian Labor Party as they judged it in 1996 after Mr Keating's promise of l-a-w law tax cuts. People in a democracy believe in the conventions of a democracy. They believe and require that their leaders should tell the truth. They believe that there is such an important commodity as integrity. That is why even a great President such as George Bush Sr, who was in stratospheric heights in the opinion polls in the United States, fell from glory because he had made a solemn promise, 'Read my lips: no new taxes.' At stratospheric heights in the opinion polls he increased the taxes and suffered the consequences. So it happened to Paul Keating when he promised l-a-w law tax cuts and then immediately revoked them after the election. I somehow think that we will get the trifecta at the next election. I am not saying that with any hubris or arrogance, I am just saying that that is the course of history and people will judge their leaders according to their promises and their delivery on those promises. That is why Mr Howard did the right thing when he changed his mind in relation to the goods and services tax. He said to the Australian people, 'Re-elect me and I will introduce a GST.' He gave the people the opportunity to have a say, an opportunity that has been denied the Australian people in relation to this carbon tax.

Debate interrupted.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Crossin): Order! I propose the question:

That the Senate do now adjourn.

I understand informal arrangements have been made for the allocation of time on the adjournment debate this evening. With the concurrence of the Senate, I shall ask the clerks to set the clocks accordingly.

Breast Cancer

Ovarian Cancer

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (22:00): No-one remains unaware that each year we observe October as Breast Cancer
Awareness Month. Each year, the support and promotions increase and this year is surely one of the greatest achievements for the organisations involved. Percentages of profits from pink merchandising are donated to breast cancer research and pink fun runs, pink footy, pink netball rounds, pink lighting on buildings, Pink Ribbon Day and pink social activities of all kinds have helped spread the message. The message of course is that breast cancer is the most commonly diagnosed cancer among women in Australia and one in nine women and a small number of men will be diagnosed with breast cancer in their lifetime.

The incidence of breast cancer is increasing, but the good news is that the survival rate has also increased markedly. Now, with the focus on screening and early detection, the majority of breast cancer cases are diagnosed when the cancer is still localised. Now 97 out of 100 of those diagnosed with localised breast cancer will survive five or more years. The mortality rate has declined from 28.6 per 100,000 women in 1980 to 22.1 per 100,000 women in 2007. Awareness of breast cancer as a major health problem for women in Australia and the support for the work of research, treatment and screening organisations have grown enormouly since the establishment in 1995 of the National Breast Cancer Centre.

The realisation that ovarian cancer awareness needs the same support led to the incorporation of support for ovarian cancer in these campaigns too. This work is being led by Ovarian Cancer Australia and was supported by the former National Breast Cancer Centre, which officially changed its name to the National Breast and Ovarian Cancer Centre in 2008, realising that the large gains in survival rates for some cancers such as breast cancer have been in large part due to investment in research. Ovarian Cancer Australia is launching a national research program focused on early detection, diagnosis and treatment. Applications for funding grants will open in April, with the inaugural funding grant awarded in November 2012.

February will be Ovarian Cancer Awareness Month, and teal is the ovarian cancer awareness colour—that lovely dark blue-green. According to the Ovarian Cancer Research Foundation, OCRF, 'One woman dies every 10 hours from ovarian cancer in Australia.' Statistics indicate that in 2011 more than 1,200 women will be diagnosed with ovarian cancer and, sadly, around 800 will die from the disease. Currently, 75 per cent of women diagnosed with ovarian cancer are in the advanced stages and will not survive beyond five years. Yet, if diagnosed early, the majority of those women could survive. Unfortunately, as yet there is no definitive early test for this cancer, so much work needs to be done.

In the last month, as well as being Breast Cancer Awareness Month some of you may have noticed it was also Frocktober. Frocktober began in October 2007 when some friends in Geelong decided it was time to do something fun and quirky to raise funds for women's health. They each donned a dress, went out to the pub, passed around a hat and raised $200. Frocktober was born. The Frocktober challenge is simple: wear a dress to raise funds and awareness for ovarian cancer research. Frocktober aims to help improve the outlook for women with ovarian cancer by supporting the quest for a suitable early detection test through fundraising for the Ovarian Cancer Research Foundation.

In 2010, the ACT Frocktober committee raised $42,000 for the Ovarian Cancer Research Foundation—a huge 37 per cent of the national total. Last Saturday, the ACT ALP young women's network organised a
fashion parade in support of Frocktober featuring dresses and hats from the 1920s through to the present. The member for Canberra, Gai Brodtmann, and I, both ACT Frocktober ambassadors, emceed the event, and I enjoyed sharing with the crowd some of my ill-informed commentary on the beautiful clothes and models. I was inspired by the effort and the clothes. It was wonderful to see real articles of clothing sourced from the twenties, thirties, forties, fifties, sixties and seventies and, indeed, eighties—which were very shiny.

Senator Chris Evans: I used to wear suits from that era.

Senator LUNDY: I think you would look marvellous in a safari suit, Senator Evans!

Senator Chris Evans: I would never do that. Even I draw the line there!

Senator LUNDY: The wonderful thing about fashion through the ages is that it does get people talking. Our guest speaker, Professor Jane Dahlstrom, Professor of Anatomical Pathology at the ANU Medical School and researcher at the John Curtin School of Medical Research, told us of her work and the important role of pathology in this area of research and diagnosis. The event was immensely successful and Jane's speech was absolutely fascinating—that insight from a pathologist's perspective—and we raised over $2,000 for ovarian cancer research. We are currently waiting to see what the national total is for this year's Frocktober fundraising efforts.

Federally, a number of government supported bodies play important roles in the fight against these cancers. The National Breast and Ovarian Cancer Centre is the national authority, funded by the Australian government. Its charter is to coordinate breast cancer initiatives, to guide health professionals in the delivery of care, to inform patients and the community and to improve survival through information and education.

Breast Cancer Network Australia advocates for patients and their families and provides support and information. Just over a week ago, at the Lodge, BCNA launched its new online partner support program. This event was hosted by Tim Mathieson and BCNA's Chief Executive Officer, Lyn Swinburne. The network also has federal government support for its important rural support program.

The McGrath Foundation, together with the federal government, has since 2009 provided funding for specialist breast care nurses in communities and rural centres across Australia.

The National Breast Cancer Foundation supports investigator initiated research and, since first offering funds to support breast cancer research in 1995, has awarded valuable grants to research teams in every state and territory. Research projects are chosen for funding through a rigorous peer-review system. One project of special interest to me was the fellowship awarded in 2005 to Dr Sandra Hayes of the Queensland University of Technology for work on 'Physical activity and breast cancer recovery—research to reality'.

This Australian research has been backed by similar studies in America which examine the relationship between physical activity and cancers such as breast cancer. The studies report that the evidence supporting physical activity as a means of cancer prevention is now considered 'strong', as are lifestyle factors such as diet and weight loss. Of course this does not mean that a person with this lifestyle will not develop breast cancer but, to quote Melinda Irwin of the Yale University School of Public Health, it does statistically mean that if a breast cancer...
develops it is likely to be at a later age and, say, a stage 1 rather than a stage 2 or 3. Importantly, too, the studies have shown that those active and exercising after diagnosis have a 30 to 50 per cent lower risk of recurrence. A program of brisk walking for 30 minutes, five days a week, had positive results.

All of this research deserves greater exposure. Education, knowledge, awareness and information have the potential to save lives, and I think we have seen that as women have become more aware about screening.

There were many activities throughout October and one of them was the annual Dragons Abreast Regatta. As patron, I was pleased to present this year's awards at the annual Dragons Abreast Dragon Boat Challenge on 22 October at Weston Park. Dragons Abreast was founded for breast cancer survivors of any age, on the principle of participation and inclusiveness.

In conclusion, I want to associate myself with the comments made by Senator Judith Adams in the matters of public interest discussion last week when she gave a warm tribute to the work of Lyn Swinburne, the outgoing CEO of Breast Cancer Network Australia. (Time expired)

**Australian Greens**

**Senator ABETZ** (Tasmania—Leader of the Opposition in the Senate) (22:10): Mr President, yesterday I received a copy of a letter from you indicating I had used the word 'fraudulently' four days earlier in taking note of answers, contrary to standing orders. It was clearly contrary to standing orders and I unreservedly withdraw.

The point I sought to make, on which the evidence is absolutely clear, was canvassed by me in this place on 16 June 2009. It was this: Senator Bob Brown kept collecting moneys for a purpose which no longer existed. People were donating to a cause, believing they were contributing to help stop something from happening—something which had already been stopped. The Australian people will determine for themselves how best to describe such behaviour and whether it is ethical. I thank Senator Brown for drawing attention to my otherwise unnoticed speech.

**Member for Dobell**

**Senator FIERRAVANTI-WELLS** (New South Wales) (22:11): I will continue with the next sad and sorry episode of the Craig Thomson saga. I have spoken of Coastal Voice in the past. This evening I would like to place on the record some important evidence given to the New South Wales Legislative Council General Purpose Standing Committee No. 5 on 27 October by New South Wales Fair Trading.

Mr Jones, the Assistant Commissioner, Compliance and Enforcement, gave evidence of some key transgressions by Coastal Voice which raise even more questions about the veracity of Craig Thomson's comments on this matter.

**The PRESIDENT:** You need to refer to the person by their correct title.

**Senator FIERRAVANTI-WELLS:** Mr Thomson, the member for Dobell. In summary, his evidence was that Coastal Voice had no bank account and there were no donations to Coastal Voice, yet there were admissions that it got Health Services Union funds and that it failed to meet its statutory duty to notify Fair Trading. How did Coastal Voice produce a series of glossy newsletters plastered with Craig Thomson photographs if it never received any money, never had a bank account and never produced financial reports?

It is also clear that statements by Mr Thomson are at odds with records of Fair Trading. Given Mr Thomson has a serious
credibility problem, I am sure we all know who is not being truthful.

Mr Jones gave evidence that Fair Trading’s records still show that Mr Thomson was and always has been the public officer of Coastal Voice. He stated:

Our investigation focused on Mr Thomson still being the then current public officer. Recently he provided a statutory declaration indicating that he had resigned his position as public officer in 2007. We then took action to interview members of the management committee of the association and we spoke to the nominated secretary of the association.

We have no details about the resignation—no records, no documents—just Mr Thomson’s word, which is hardly of any value.

Mr Jones also gave evidence regarding Ms Criselee Stevens, the secretary of the association. He stated:

Ms Stevens provided us with a statutory declaration just in the past week, which indicates that she believes that the organisation became defunct in a period around 2007 because it had insufficient members to hold a quorum …

But when she was asked when in 2007, Mr Jones said:

She did not state when in 2007, but she did say 2007. She indicated also that the association had no bank account and had never received funds or raised income. On the basis of that statutory declaration, which is a sworn statement, we have decided to cancel the registration of the association.

So, with no bank account and no funds, Coastal Voice produced this series of glossy brochures. Where did the money come from? Who paid for it? Was it put on Craig Thomson’s American Express card?

The PRESIDENT: You need to refer to the person by—

Senator FIERRAVANTI-WELLS: Was it put on Mr Thomson’s American Express card? Of course, there is a special offer doing the rounds: the Craig Thomson American Express card—

The PRESIDENT: You need to refer to the person by their correct title.

Senator FIERRAVANTI-WELLS: I was referring to a document, Mr President. I return to Ms Stevens, who after all these years is now seeking to rewrite the record. Mr Jones stated:

In her declaration to Fair Trading she indicates that she contacted Fair Trading at some stage and had a discussion with Fair Trading. She was not precise about the dates on which that occurred or who she spoke to, but she has made that statement as part of her most recent response to us. She can point to no records, no documents, so how can anyone believe what she says? It is clear that, despite Mr Thomson’s assertions of having resigned, there are no documents with Fair Trading that show that he or Coastal Voice took any steps to nominate a new public officer. Any assertion by Mr Thomson that he did resign and had no further involvement with Coastal Voice are questionable in the very least and lies at the worst.

Let us be clear here: Coastal Voice was a front for an Australian Labor Party campaign by Craig Thomson to get himself elected. It put out glossy brochures, yet it appears to have had no discernible source of income. As I said, where did the money come from? Mr Jones stated:

As I understand it, Ms Stevens indicated—not in these terms—to one of my officers that she believed funding had been received from the Health Services Union, or other sources, to fund some of the activities of the association.

But, despite her telling Fair Trading officers this, Mr Jones stated:

It is not reflected in her statutory declaration.

Mr Jones was asked:

Did your officer, in conversation with them, form the opinion that there was other than Health
Services Union money being channelled into this body, Coastal Voice?

Mr Jones's response leaves the question open:

On the basis of that conversation alone we would have no knowledge about whether there were other funding sources or other organisations paying for products badged under the title of the association.

Mr Jones was asked to clarify whether the assertion is that financial statements were not lodged because they never existed or they simply were not forwarded to Fair Trading. He responded:

The assertion is that they never existed. There was never a bank account and you cannot make financial statements if you do not have a bank account unless someone runs it in a somewhat unique way.

'Unique' is an understatement. 'Dishonest' is a more appropriate description. As Minister Anthony Roberts told the New South Wales parliament on 10 August 2011:

Coastal Voice had a website whose domain was registered to the national office of the Health Services Union—a union that was run by Mr Thomson.

There is no doubt of the clear connection between Coastal Voice, its president and public officer, Mr Thomson, and the Health Services Union.

So let us look at Mr Thomson's obligations as the public officer. Coastal Voice was incorporated on 3 May 2006. At the time, incorporated associations were governed by the Associations Incorporation Act 1984, which was subsequently replaced by a 2009 act. Given the ramshackle state of the records of Coastal Voice, one assumes they did not bother about passing their own rules and the model rules applied. Clause 39 of the applicable rules at the time placed the onus on Mr Thomson as the public officer to keep the records, books and other documents relating to the association. Given the recent evidence, Mr Thomson has clearly breached this obligation. Clause 35 refers to the source of the association's funds. It states:

(1) The funds of the association are to be derived from entrance fees and annual subscriptions of members, donations and, subject to any resolution passed by the association in general meeting, such other sources as the committee determines.

(2) All money received by the association must be deposited as soon as practicable and without deduction to the credit of the association's bank account.

(3) The association must, as soon as practicable after receiving any money, issue an appropriate receipt.

Therefore, was there a required resolution of Coastal Voice to receive funds from the Health Services Union? I suspect not. We know there was no bank account, so any funds from the HSU were clearly not deposited in any bank account. So the question is: into whose pocket did the moneys go? As for any receipt, forget that. I am sure Coastal Voice did not even know what a receipt book looked like.

As the public officer Mr Thomson has clearly breached his obligations in relation to the source of funding and the keeping of appropriate records. He asserts he advised Ms Stevens of his resignation. He was also the president, although no mention is made of any resignation from that position. As the president and public officer he was the keeper of the records, yet Craig Thomson cannot point to any record to back up anything he says. Indeed, one has to question whether there are no records because they have been deliberately destroyed. Hence, the evidence given to the committee raises even more questions about the conduct of Mr Thomson.

Firstly, how did an organisation like Coastal Voice, which had no bank account and no records and produced no financial returns, manage to print and distribute
widely a number of glossy brochures promoting Mr Thomson and criticising the then incumbent Liberal MPs? It is hoped that the current inquiries by the New South Wales and Victorian police will shed light on what appears to be further misappropriation of HSU funds in relation to Coastal Voice.

Secondly, Mr Thomson has recently provided a statutory declaration to Fair Trading. Why did it take so long for him to provide information? Given Mr Thomson's track record with the truth, one must question if all assertions in his statutory declaration— (Time expired)

Agent Orange

Senator RHIANNON (New South Wales) (22:20): Earlier this year, I attended the launch of Agent Orange Justice. This is the Australian section of the international campaign to hold the United States government responsible for the disaster it created for millions of Vietnamese people as a result of its 10-year spraying of the chemical weapon Agent Orange. This year, 10 August marked the 50th anniversary of the start of the chemical warfare program in Vietnam. I grew up with this war. I remember the photos of children deformed by Agent Orange. It was a shock to me to learn recently how this chemical is so stable in the soil that it is still causing terrible harm.

The international campaign by the Vietnam Association for Victims of Agent Orange/Dioxin is targeting the US government and the chemical companies which produced Agent Orange to pay to clean up the poisoned soil and wherever else this contaminant is found in Vietnam's environment. The campaign is also calling for adequate compensation for some three million Vietnamese who are still affected by this chemical. To date, the US has refused to accept full responsibility. In the five decades since Agent Orange was first sprayed in Vietnam, tens of thousands have died directly or indirectly from its lethal effects. Agent Orange is now claiming its third generation of victims. Nobody knows when the congenital deformities, one of the most distressing aspects of these toxic chemicals, will end. The main chemical that causes this suffering is nicknamed Agent Orange. It is a class-1 human carcinogenic dioxin and some 80 million litres of it and other, similar defoliants were sprayed or dumped by the US military on about 10 per cent of central and southern Vietnam for 10 years until 1971. Much of this was on farm land, to limit the food supply to the Vietnamese. It was also used as a defoliant to expose the transport routes that the Vietnamese used in the war. Dioxin is chemically stable. It is not diluted by water and so it does not easily decompose. While much of it has been washed into the sea over the years, much remains in concentrated forms in ecosystems and food chains. This is why it continues to claim new victims, especially among the younger generations—because of the mere fact that people, many of whom live in poverty, survive off land and water that have been contaminated by Agent Orange. There are many tragic stories here. A beautiful experience in life for a woman is to breastfeed one's baby, but I have recently heard how women in Vietnam with dioxin in their blood still can pass it on to their offspring through their breast milk.

More future generations will be victimised if the costly clean-up does not occur. There are reports that the US also sprayed Agent Orange in Laos and Cambodia and tested it in Canada. Australian troops were also involved in the use of herbicides and insecticides in Vietnam and some troops were exposed to Agent Orange. As early as 1965, birth defects in areas subjected to aerial spraying were being reported. Concerns about the use of chemical sprays
and their effect on people emerged in Australia during the 1970s, shortly after the troops had returned to Australia. Veterans began reporting high incidences of cancers, while abnormalities in their offspring were also blamed on Agent Orange. A major study by the Department of Veterans' Affairs has suggested that veterans' health was indeed affected by their war service and that, with certain types of cancer, links with exposure to dioxin and other chemicals used in Vietnam did exist. It has been a long journey for these veterans to achieve this recognition, but these veterans have not received adequate compensation.

There is another worrying Australian connection. Jean Williams, a researcher who received the Order of Australia medal for her research on the effects of chemicals on US war veterans, found that cancer rates in Innisfail, in Queensland, were 10 times higher than the state average. This was linked to secret testing of Agent Orange by Australian military scientists during the Vietnam War. Ms Williams based her allegations on Australian government reports found in the Australian War Memorial museum archives. A former soldier, Ted Bosworth, backed up the claims, saying that he had been involved in the secret testing. The Queensland health department claimed that cancer rates in Innisfail were not higher than those in other parts of the state. This denial is similar to that of the US and Australian governments when lobbied to take responsibility for the damage and death caused by Agent Orange.

Action is being taken in the USA to address the crimes of chemical warfare. Congressman Bob Filner has introduced the Victims of Agent Orange Relief Act of 2011, which if passed would provide assistance for a range of social and health services. The bill, which the Vietnamese Agent Orange Relief and Responsibility Campaign assisted Congressman Filner to draft, defines 'victim' as:

... any individual who is a Vietnamese national, Vietnamese-American, or United States veteran who was exposed to agent grange, or the progeny of such an individual, and who has a disease or disability associated with this exposure.

In addition to compensating the victims of Agent Orange, this bill would also clean up toxic hot spots in Vietnam. One provision of the bill would expand programs and research for the benefit of US veterans and establish medical centres 'designed to address the medical needs of descendants of the veterans of the Vietnam era'. This creates a presumption that certain birth defects that the children and grandchildren of exposed victims suffer would be considered the result of contact with Agent Orange.

While the US government has begun to fund environmental clean-ups in Vietnam, it has refused to recognise its full responsibility to heal the wounds of war and provide assistance to Vietnamese, Vietnamese-Americans and US victims for the serious health and environmental devastation caused by Agent Orange. There has been some compensation for US veteran victims of Agent Orange but not nearly enough. In 1973, the then US President, Richard Nixon, promised $3.25 billion in reconstruction aid to Vietnam without any preconditions. However, the Vietnamese and Vietnamese-American victims of chemical warfare have not seen one penny. Congressman Filner's bill, if passed into law, will go a long way towards providing justice for all Agent Orange victims.

Another bill, introduced by US Senator Kirsten Gillibrand, seeks to amend the Agent Orange Act to include Navy veterans of Vietnam who served on-board ships but not on land. Gillibrand, a Democrat from the Albany area, introduced the bill, the Agent Orange Equity Act of 2011, with a
Republican, Lindsey Graham of South Carolina. The bill would broaden the group of veterans eligible for compensation payments for diseases arising from exposure to Agent Orange. Considering Australia's role in the Vietnam War and the suffering of Australian troops who fought in Vietnam and were exposed to Agent Orange, bills similar to these two would be appropriate legislation for this parliament to consider passing.

Dioxin, the active and highly toxic and carcinogenic chemical in Agent Orange, causes various forms of cancers, reproductive illnesses, immune deficiencies, endocrine deficiencies, nervous system damage and physical and developmental disabilities. It is estimated that in South-East Asia, where the US bombed with Agent Orange, there are 28 hot spots. To their credit, the Vietnam Association for Victims of Agent Orange/Dioxin represents the interests of the victims living in Vietnam. It has set up some 'peace villages' to care for the severely disabled. The photos of these people are indeed distressing but I do recommend that senators look at them to realise the full enormity of this issue. Vietnamese-Americans exposed directly to Agent Orange, and their offspring, suffer from the same health conditions.

Fifty years is too long for a nation to suffer the impact of war. It is time to compensate the victims and to compensate them fully. I would like to thank Eva To, from Agent Orange Justice, for the briefings she has provided me on this issue. I have also drawn on the work of Law Professor Marjorie Cohn, who works with the Vietnam Agent Orange Relief and Responsibility Campaign, for this work. I thank her and congratulate her on the contribution she is making to international understanding of this important issue.

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**Defence Procurement**

Senator **MARK BISHOP** (Western Australia) (22:30): When I last spoke on defence procurement, in August, I addressed a wide range of contextual matters that currently shape the debate about improved performance. One of those matters was the governance and organisational model derived from a number of reviews, especially the Mortimer and Kinnaird reviews. Today I will make a few observations on the organisation of defence procurement, recognising the history and changes taking place. I will also make some suggestions about the need for a fresh focus on management structures and a more accountable procurement organisation.

Change is an enormous challenge. More often than not, in Defence, it entails tinkering only at the edges. Defence is an enormous organisation with 14 separate silos. These include the traditional bastions of Army, Navy and what some say are three Air Forces. That is not to say that specialisation between land, sea and air is not justified, but each service has its own traditions and structures. Needless to say, like in any large, longstanding organisation of this kind, these fiefdoms are entrenched.

That is not to say that efforts made so far to unify the forces into what we may call one ADF have not been successful; in fact, the progress has been quite good. The introduction of an overarching defence strategy, joint operational command and network technology is proving successful. The same can be said of procurement. In most cases, costs have been contained—although not timeliness, which I suggest is a big test of organisational effectiveness. As we know, lost time in delivery of materiel means lost capability.

A simple management response to a better coordination of a large number of specialised
silos is to centralise common functions. New layers of management are supposed to reduce the costs of duplication and enhance specialisation. This includes shared services, which, for all well-paid consultants, are considered low-hanging fruit. There is obviously no easy alternative to that model, but it does require clear role definition, good communication and clear lines of accountability.

Hence, in Defence, rather than leave procurement to each of the services, we have the Defence Materiel Organisation, the DMO. This organisation is responsible for procurement once decisions are made. However, maintenance is also considered to be common, so that too was made the responsibility of the DMO. To coordinate this, the Capability Development Group, the CDG, exists, first to shape the defence capability program. The CDG undertakes the product specification for government decision. Those specifications are based on input from the services; industry; the DMO, with respect to commercial considerations; and of course the DSTO. To achieve better efficiency and productivity, outsourcing of functions has been undertaken, presumably with savings to budget.

This all sounds sensible, but the question in retrospect is how well it has worked. Let us look at the evidence. Clearly the record on costs of recent purchases is there to be seen. This is especially true in recent times thanks to significant off-the-shelf products. Recent examples include high-cost aircraft from assembly lines of proven non-developmental products and a second-hand ship. Likewise for timeliness on such product.

The record on timeliness for other purchases, however, is not yet supported by the evidence, so we should not be misled into thinking that the system has been fixed—far from it. There is a legacy of older projects that we are encouraged to forgive because they started prior to 2008 under a previous management regime. In fact, the real test will be the naval construction program, which has already stumbled in one instance, and with submarines to come.

I do acknowledge that much has been done to get projects off the concerns list and to put new checks and disciplines in place. The evidence on sustainment, however, is damning, especially for Navy. The combination of outsourcing through the centralised agency DMO seems to have been a disaster. The Rizzo review and the ANAO report *Acceptance into service of Navy capability* tell us so in great detail. The essence of this is acknowledged as being the disempowerment of the Chief of Navy. At the same time, there has been a massive deskilling and hollowing out of Navy's technical competence. While moves are underway to correct these circumstances by returning some authority to the Chief of Navy, questions still remain. Why, for example, didn't the same phenomenon apply to the RAAF?

This brings me to the efficacy of the matrix model by which defence procurement is managed. As I have already argued, the coordination of the disparate interests of the three services in Defence is essential and unavoidable. Built into this matrix model is the principle of jointness—that each element retains certain specialisations to contribute to the whole. Each of these elements is independent of the others, with their own resources and separate skill bases supplemented by service personnel. Throughout all of this, industry is supposed to be consulted. There is evidence this consultation is ineffective, and I will address that at another time. The central question, however, is whether this matrix model works. From an accountability perspective, I am not convinced. I am also perplexed that, on the one hand, it is now said that authority is
being handed back to the service chiefs but, by their own admission, CDG regards itself as being in charge. Yet, once contracts are signed with the agreement of service chiefs, DMO gets the money and is responsible for delivery to the clients. That delivery includes full knowledge and acceptance of all downstream maintenance.

The acid test is what happens when something goes wrong. To date, failure is most common with cost, though now it has morphed into time. A common shortcoming is specification failure, made worse by excess of optimism, unrealistic expectations of industry capability and overpromising. The question remains here: who is accountable? Who is responsible? The recent failure with amphibious ships says it all. Did DMO, Chief of Navy or CDG fail? Apparently not. For example, in the event that there are time or cost overruns with the construction of a ship, where will the relevant minister go for an explanation? I will bet Chief of Navy will not wear it—likewise DMO or CDG. What I anticipate is a lot of finger-pointing and the failure of the matrix model to account—that is, the system. Of course it is the system at fault. The answer is to fix the system.

Some from industry have expressed the view that, to simplify things, DMO should be pruned; it should become an organisation of contracting expertise only on behalf of the client service. The implication of this would be that, once a contract is signed with service chief endorsement, the service chief, as the client, should see it through. This scenario, of course, assumes the particular service has the technical competence. At present one could be confident that the RAAF might already work this way, but for Navy it is currently not possible. So would this be a better model for accountability? It would certainly require a different definition and enforcement of roles from what currently is the case, despite what the manuals say. The role and function of the CDG would presumably shrink to one of overall coordination and monitoring once government decisions were made. More importantly, it is also about the technical competence of Defence, as technical expertise is spread unevenly and dissipated between the services, CDG, DSTO and DMO. That expertise is often on an impermanent basis or rotation, including for projects that might span more than a decade. There is also an environment where skills are in desperately short supply.

That, of course, brings me back to where I started. It seems to me that, while there are changes in Defence, little of it is focused on inter- or indeed intra-organisational effectiveness and almost none on achieving better accountability. It is like a blancmange: if it is poked, it shifts position momentarily and then quickly returns to rest. The remedies are often extra layers of supervision, addressing symptoms but avoiding causes. Some believe the defence procurement system has become constipated partly due to increasing organisational complexity. Production is becoming overwhelmed with process in the face of failure to focus on existing organisational roles and responsibilities, yet there is a continuing failure to heed prescribed process. The principles of flatter structures and simplification seem to have been lost. In the meantime, scarce resources are being gobbled up. I find it hard to believe that, with the resources available, some simplification of roles, the removal of duplication and streamlining of real accountability are not possible.

Senate adjourned at 22:40

DOCUMENTS

Order for the Production of Documents

Documents were tabled pursuant to the order of the Senate of 1 November 2011 for the production of documents relating to the Future Fund.
Tabling

The following government documents were tabled:


Torres Strait Regional Authority—Report for 2010-11.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Foreign Affairs
(Question No. 949)

Senator Johnston asked the Minister representing the Minister for Foreign Affairs, upon notice, on 17 August 2011:

Further to the answer to a question (House of Representatives Hansard, 28 February 2007, p. 192) in writing, on what dates have Australian consular officials: (a) visited; or (b) otherwise had contact with, Mr Jean-Philippe Wispelaere since February 2007.

Senator Conroy: The Minister for Foreign Affairs has provided the following answer to the honourable senator's question:


Microbrewery Excise Refund
(Question No. 1270)

Senator Abetz asked the Minister representing the Treasurer, upon notice, on 11 October 2011:

(1) Can a list be provided of the names of businesses that have received the microbrewery excise refund.

(2) Can a breakdown be provided by financial year, of the number of businesses that have claimed this refund since its introduction.

Senator Wong: The Treasurer has provided the following answer to the honourable senator's question:

(1) Due to the operation of the secrecy provisions under Division 355, Schedule 1 of the Tax Administration Act 1953 (particularly section 355-25) the Commissioner of Taxation is unable to disclose information concerning the taxation affairs of individual taxpayers. The information requested does not fall within the exceptions set out in this division.

(2) The table below outlines the number of taxpayers that have claimed the microbrewery excise refund since 1 July 2003.

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of taxpayers that have claimed the microbrewery excise refund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>15</td>
</tr>
<tr>
<td>2004-05</td>
<td>27</td>
</tr>
<tr>
<td>2005-06</td>
<td>27</td>
</tr>
<tr>
<td>2006-07</td>
<td>37</td>
</tr>
<tr>
<td>2007-08</td>
<td>43</td>
</tr>
<tr>
<td>2008-09</td>
<td>49</td>
</tr>
<tr>
<td>Financial year</td>
<td>Number of taxpayers that have claimed the microbrewery excise refund</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>2009-10</td>
<td>55</td>
</tr>
<tr>
<td>2010-11</td>
<td>53</td>
</tr>
</tbody>
</table>

Note – the microbrewery excise refund commenced on 1 July 2000, however the Excise Collection System only holds data from 1 July 2003.