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<table>
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<tr>
<th>Month</th>
<th>Date</th>
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<td>16, 17, 18, 19, 23, 24, 25, 26</td>
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<td>26, 27, 28</td>
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<td>September</td>
<td>1, 2, 3, 4, 15, 16, 17, 18, 22, 23, 24, 25</td>
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<td>November</td>
<td>10, 11, 12, 13, 24, 25, 26, 27</td>
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<tr>
<td>December</td>
<td>1, 2, 3, 4</td>
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Broadcasts of proceedings of the Parliament can be heard on the following Parliamentary and News Network radio stations, in the areas identified.

- **CANBERRA**: 103.9 FM
- **SYDNEY**: 630 AM
- **NEWCASTLE**: 1458 AM
- **GOSFORD**: 98.1 FM
- **BRISBANE**: 936 AM
- **GOLD COAST**: 95.7 FM
- **MELBOURNE**: 1026 AM
- **ADELAIDE**: 972 AM
- **PERTH**: 585 AM
- **HOBART**: 747 AM
- **NORTHERN TASMANIA**: 92.5 FM
- **DARWIN**: 102.5 FM
FORTY-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD

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

Senate Officeholders

President—Senator Hon. John Joseph Hogg

Deputy President and Chair of Committees—Senator Hon. Alan Baird Ferguson

Temporary Chairs of Committees—Senators Guy Barnett, Thomas Mark Bishop, Carol Louise Brown, Patricia Margaret Crossin, Michael George Forshaw, Gary John Joseph Humphries, Annette Kay Hurley, Stephen Patrick Hutchins, Gavin Mark Marshall, Claire Mary Moore, Stephen Shane Parry, Hon. Judith Mary Troeth and Russell Brunell Trood

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. Nicholas Hugh Minchin

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

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

Manager of Opposition Business in the Senate—Senator Hon. Helen Lloyd Coonan

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. Nicholas Hugh Minchin

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

Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce

Deputy Leader of the Nationals—Senator Hon. Nigel Gregory Scullion

Leader of the Australian Greens—Senator Robert James Brown

Leader of the Family First Party—Senator Steve Fielding

Government Whips—Senators Kerry Williams Kelso O’Brien, Donald Edward Farrell and Anne McEwen

Liberal Party of Australia Whips—Senators Stephen Shane Parry and Judith Anne Adams

The Nationals Whip—Senator John Reginald Williams

Australian Greens Whip—Senator Rachel Mary Siewert

Family First Party Whip—Senator Steve Fielding

Printed by authority of the Senate
<table>
<thead>
<tr>
<th>Senator</th>
<th>State or Territory</th>
<th>Term expires</th>
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<tbody>
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(1) Chosen by the Parliament of South Australia to fill a casual vacancy vice Amanda Eloise Vanstone, resigned.
(2) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Ian Campbell, resigned.
(3) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

PARTY ABBREVIATIONS
AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Liberal Party; FF—Family First Party; LP—Liberal Party of Australia; NATS—The Nationals

Heads of Parliamentary Departments
Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—A Thompson
RUDD MINISTRY

Prime Minister
Hon. Kevin Rudd, MP

Deputy Prime Minister, Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion
Hon. Julia Gillard, MP

Treasurer
Hon. Wayne Swan MP

Minister for Immigration and Citizenship and Leader of the Government in the Senate
Senator Hon. Chris Evans

Special Minister of State, Cabinet Secretary and Vice President of the Executive Council
Senator Hon. John Faulkner

Minister for Finance and Deregulation
Hon. Lindsay Tanner MP

Minister for Trade
Hon. Simon Crean MP

Minister for Foreign Affairs
Hon. Stephen Smith MP

Minister for Defence
Hon. Joel Fitzgibbon 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 Infrastructure, Transport, Regional Development and Local Government and Leader of the House
Hon. Anthony Albanese MP

Minister for Broadband, Communications and the Digital Economy and Deputy Leader of the Government in the Senate
Senator Hon. Stephen Conroy

Minister for Innovation, Industry, Science and Research
Senator Hon. Kim Carr

Minister for Climate Change and Water
Senator Hon. Penny Wong

Minister for the Environment, Heritage and the Arts
Hon. Peter Garrett AM, MP

Attorney-General
Hon. Robert McClelland MP

Minister for Human Services and Manager of Government Business in the Senate
Senator Hon. Joe Ludwig

Minister for Agriculture, Fisheries and Forestry
Hon. Tony Burke MP

Minister for Resources and Energy and Minister for Tourism
Hon. Martin Ferguson AM, MP

[The above ministers constitute the cabinet]
**Rudd Ministry—continued**

<table>
<thead>
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<th>Position</th>
<th>Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister for Home Affairs</td>
<td>Hon. Bob Debus MP</td>
</tr>
<tr>
<td>Assistant Treasurer and Minister for Competition Policy and</td>
<td>Hon. Chris Bowen MP</td>
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<tr>
<td>Consumer Affairs</td>
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<td>Minister for Veterans’ Affairs</td>
<td>Hon. Alan Griffin MP</td>
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<tr>
<td>Minister for Housing and Minister for the Status of Women</td>
<td>Hon. Tanya Plibersek MP</td>
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<tr>
<td>Minister for Employment Participation</td>
<td>Hon. Brendan O’Connor MP</td>
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<td>Minister for Defence Science and Personnel</td>
<td>Hon. Warren Snowdon MP</td>
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<td>Minister for Small Business, Independent Contractors and the Service</td>
<td>Hon. Dr Craig Emerson MP</td>
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<tr>
<td>Economy and Minister Assisting the Finance Minister on Deregulation</td>
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<td>Minister for Superannuation and Corporate Law</td>
<td>Senator Hon. Nick Sherry</td>
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<tr>
<td>Minister for Ageing</td>
<td>Hon. Justine Elliot MP</td>
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<tr>
<td>Minister for Youth and Minister for Sport</td>
<td>Hon. Kate Ellis MP</td>
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<tr>
<td>Parliamentary Secretary for Early Childhood Education and Childcare</td>
<td>Hon. Maxine McKew MP</td>
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<td>Parliamentary Secretary for Defence Procurement</td>
<td>Hon. Greg Combet AM, MP</td>
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<td>Parliamentary Secretary for Defence Support</td>
<td>Hon. Dr Mike Kelly AM, MP</td>
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<td>Parliamentary Secretary for Regional Development and Northern Australia</td>
<td>Hon. Gary Gray AO, MP</td>
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<td>Parliamentary Secretary for Pacific Island Affairs</td>
<td>Hon. Duncan Kerr MP</td>
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<td>Parliamentary Secretary to the Prime Minister</td>
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<td>and Parliamentary Secretary Assisting the Prime Minister for Social</td>
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<td>Parliamentary Secretary for Multicultural Affairs and Settlement Services</td>
<td>Hon. Laurie Ferguson MP</td>
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</table>
Leader of the Opposition
Deputy Leader of the Opposition and Shadow Treasurer
Leader of the Nationals and Shadow Minister for Trade, Transport, Regional Development and Local Government
Shadow Minister for Broadband, Communications and the Digital Economy and Leader of the Opposition in the Senate
Shadow Minister for Innovation, Industry, Science and Research and Deputy Leader of the Opposition in the Senate
Shadow Minister for Infrastructure and COAG and Shadow Minister Assisting the Leader on Emissions Trading Design
Shadow Minister for Foreign Affairs and Manager of Opposition Business in the Senate
Shadow Minister for Finance, Competition Policy and Deregulation and Manager of Opposition Business in the House
Shadow Minister for Energy and Resources
Shadow Minister for Families, Housing, Community Services and Indigenous Affairs
Shadow Special Minister of State and Shadow Cabinet Secretary
Shadow Minister for Human Services and Deputy Leader of The Nationals
Shadow Minister for Climate Change, Environment and Water
Shadow Minister for Health and Ageing
Shadow Minister for Defence
Shadow Minister for Education, Apprenticeships and Training
Shadow Attorney-General
Shadow Minister for Agriculture, Fisheries and Forestry
Shadow Minister for Employment and Workplace Relations
Shadow Minister for Immigration and Citizenship
Shadow Minister for Small Business, Independent Contractors, Tourism and the Arts

Hon. Malcolm Turnbull MP
Hon. Julie Bishop MP
Hon. Warren Truss MP
Senator Hon. Nick Minchin
Senator Hon. Eric Abetz
Hon. Andrew Robb MP
Senator Hon. Helen Coonan
Hon. Joe Hockey MP
Hon. Ian Macfarlane MP
Hon. Tony Abbott MP
Senator Hon. Michael Ronaldson
Senator Hon. Nigel Scullion
Hon. Greg Hunt MP
Hon. Peter Dutton MP
Senator Hon. David Johnston
Hon. Christopher Pyne MP
Senator Hon. George Brandis SC
Hon. John Cobb MP
Mr Michael Keenan MP
Hon. Dr Sharman Stone MP
Mr Steven Ciobo MP

[The above constitute the shadow cabinet]
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<tr>
<th>Shadow Ministry Position</th>
<th>Shadow Minister/Parliamentary Secretary</th>
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<td>Shadow Minister for Financial Services, Superannuation and</td>
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<td>Shadow Assistant Treasurer</td>
<td>Hon. Tony Smith MP</td>
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<tr>
<td>Shadow Minister for Sustainable Development and Cities</td>
<td>Hon. Bruce Billson MP</td>
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<td>Shadow Minister for Competition Policy and Consumer Affairs and</td>
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<tr>
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<td>Shadow Minister for Defence Science and Personnel</td>
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<td>Shadow Minister for Veterans’ Affairs</td>
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<td>Shadow Minister for Early Childhood Education, Childcare, Women</td>
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<td>Shadow Parliamentary Secretary for Disabilities, Carers and the</td>
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<td>Shadow Parliamentary Secretary for Justice and Public Security</td>
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<td>Shadow Parliamentary Secretary for Agriculture, Fisheries and</td>
<td>Senator Hon. Richard Colbeck</td>
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<td>Shadow Parliamentary Secretary Assisting the Leader in the Senate</td>
<td>Senator Concetta Fierravanti-Wells</td>
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</tbody>
</table>
CONTENTS—continued

Tax Laws Amendment (Luxury Car Tax) Bill 2008................................................................. 42
A New Tax System (Luxury Car Tax Imposition—General) Amendment Bill 2008.......... 42
A New Tax System (Luxury Car Tax Imposition—Customs) Amendment Bill 2008 ....... 42
A New Tax System (Luxury Car Tax Imposition—Excise) Amendment Bill 2008—
  In Committee .................................................................................................................. 42
  Adoption of Report......................................................................................................... 74
  Third Reading................................................................................................................ 74
Adjournment—
  Father Joe Grealy...................................................................................................... 74
  King Island .................................................................................................................. 75
  Defence Spending......................................................................................................... 77
  Defence Spending......................................................................................................... 78
  Heavy Vehicle Driver Fatigue Laws .......................................................................... 78
Documents—
  Tabling ......................................................................................................................... 79
Questions On Notice
  Resources, Energy and Tourism: Printer Products—(Question Nos 540 and 541)........... 81
Tuesday, 23 September 2008

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 12.30 pm and read prayers.

BUSINESS

Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (12.31 pm)—I seek leave to amend government business notice of motion No. 1. Before that leave is granted or contested, I just want to explain that we have a change. What this does is set the hours for today, and today only, which leaves us in a position where we will go through until 9.50 pm, as has been agreed to between ourselves and the opposition. In terms of how the week progresses, we will have a more in-depth discussion about that shortly, I suspect. This is really to allow the Greens and the Independent to understand today will be till 9.50 pm. The remaining hours of the week will really be about trying to conclude the legislative program that has been set with some budget bills, so I will engage further with the minors and the Independent in the time available today.

Leave granted.

Senator LUDWIG—I move the motion as amended:

(1) On Tuesday, 23 September 2008:

(a) the hours of meeting shall be 12.30 pm to 6.30 pm and 7 pm to 10.30 pm;

(b) the routine of business from 7 pm shall be government business only; and

(c) the question for the adjournment of the Senate shall be proposed at 9.50 pm.

(2) On Thursday, 25 September 2008:

(a) the hours of meeting shall be 9.30 am to 6.30 pm and 7 pm to adjournment;

(b) consideration of general business and consideration of committee reports, government responses and Auditor-General’s reports under standing order 62(1) and (2) shall not be proceeded with;

(c) the routine of business from 12.45 pm till not later than 2 pm, and from not later than 4.30 pm shall be government business only;

(d) divisions may take place after 4.30 pm;

(e) the question for the adjournment of the Senate shall be proposed when a motion for the adjournment is moved by a minister; and

(f) if the Senate is sitting at 11 pm, the sitting of the Senate shall be suspended till 9.30 am on Friday, 26 September 2008.

(3) On Friday, 26 September 2008:

(a) the hours of meeting shall be 9.30 am to 4.30 pm;

(b) the routine of business shall be:

(i) notices of motion, and

(ii) government business only; and

(c) the question for the adjournment of the Senate shall be proposed at 3.50 pm.

TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) AMENDMENT BILL 2008

In Committee

Consideration resumed from 22 September.

TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008

Senator ABETZ (Tasmania) (12.33 pm)—The committee is considering opposition amendments to the luxury car tax suite of bills. This luxury car tax was introduced on the basis of the need to fight inflation. The government’s own committee senators on the Senate Standing Committee on Economics find that this legislation will be inflationary. It will hit the Australian car industry; it is going to hit innovation and safety; it is going to increase all car prices. And, of course, this is at a time when the Australian car industry is in deep trouble.

We have seen just today, again, car sales collapsing. Indeed, the latest figures show that new vehicle sales fell for a second straight month in August. They fell by 3.5 per cent. New vehicle sales fell by 7.2 per cent in the 12 months to August—the weakest annual growth rate in about seven years. Consumers have cut back on spending on big ticket items, the Economist told us. In that environment, we have the Labor government and, I understand, some of the crossbenchers agreeing to put an increased tax on motor vehicles to make them all the more expensive, to make them all the more out of reach for our fellow Australians. But what they do want to do is give a tax break to about two dozen imported vehicles—two dozen imported models. I traverse the topic of the other requests for amendments because ours are coming first and, if ours are passed, I suggest the others would be negated. What I am putting to the Senate as clearly as I possibly can is that the Greens requests for amendments have problems and the Family First requests for amendments have real problems and the opposition’s solution, if you are going to have this punitive tax, is in fact the best option.

Let us have a look, first of all, at the Greens requests for amendments. They say that if you have a low-emission vehicle between the price bracket of $57,180
and $75,000 you will be completely exempt from the luxury car tax—and somehow that is going to save the world. We are talking about about 1,500 motor vehicles; it is window-dressing at its worst. What happens to all those buyers who have bought low-emission vehicles that cost below $57,180? There is no tax relief for them in any way, shape or form. What about those who buy motor vehicles above $75,000 and seek a low-emission motor vehicle? There is no tax relief for them at all. So the Green-Labor accord view of the world is that we are somehow going to save the environment by providing a tax exemption for 1,500 motor vehicles between the price bracket of $57,180 and $75,000.

Quite frankly, I do not believe that that will have any genuine environmental impact but it will have very genuine impacts on the purchase choice of motor vehicle buyers. We will have the removal of not only the proposed eight per cent increase but also the current 25 per cent luxury car tax as well. So, with the removal of that 33 per cent cut luxury car tax in comparison to Australian made cars, there will now be a price differential of literally thousands of dollars. So a loyal Australian who might want to buy a Holden Commodore HSV is confronted with the fact that a BMW may well now be thousands of dollars cheaper. And yet we are told somehow that this is a tax on the rich people. I think it is a greater status symbol to be driving around in a beemer than in a Holden Commodore. If that is what is motivating those opposite, they have undone their argument by doing this silly deal with the Greens.

What concerns me most of all is that I think Family First and the Greens may have come to an arrangement where they in fact support each other’s amendments. If that is the case, they will be supporting contradictory positions. The vehicles that Senator Fielding is trying to support are the gas-guzzling four-wheel drives. I happen to agree that they do need an exemption for the reasons that I have previously outlined. But how can the Greens support such a motion and then, on the other hand, support a motion dealing with vehicles that have low emissions? They are contradictory positions. Of course, it is not for us in the opposition to determine how they justify that, but it is a matter of some concern for us to try to make some headway in relation to the thinking on this.

In relation to Family First’s amendment—and there are lots of problems with theirs—if you are a primary producer you get the exemption for one vehicle per annum, whereas if you are a tourism operator you can get it for a hundred vehicles or more per annum. There is no limit. The only stipulation is that you use that vehicle solely for tourism purposes in the course of your business. So, if you happen to have bought that vehicle for tourism purposes but then allow a staff member to take it via the milk bar to buy milk on the way home, it will no longer be purchased solely for that purpose and therefore the tax exemption will evaporate.

In relation to the definition of ‘primary producer’, I invite the Greens to have a look at what the definition is. Under the Income Tax Assessment Act it includes—now wait for this!—people that fell trees in the forest, including, of course, old-growth forests. So we will have the spectre of the Australian Greens voting for a tax exemption for those good, hard-working forest workers who harvest old-growth forests.

*Senator Ian Macdonald interject—*

*Senator ABETZ*—I say to the former forestry minister: I believe they do deserve it. We are completely consistent in this regard, unlike the Greens. In a desperate bid to get their amendments through, they are willing to vote for tax subsidies for people involved in the forest industry, something that I thought they were so vehemently opposed to.

If we have a look at the actual details of the Greens amendment, we realise that people who will be exempted are those that will be buying the Audis, the Saabs, the Alfa Romeos and Mercedes-Benzes, including the European sports car, which of course is very unpractical for the Australian family. I hope Family First realises that. I also hope that Family First realises that a lot of these low-emission vehicles are in fact turbocharged. Some states have laws against learner drivers and P-platers driving these turbocharged cars. As a result, if you want a family car in which to teach your child to drive or get the child to pick up some younger children, you will not be able to buy these vehicles, because they are outlawed for younger persons driving. As a result it will be very anti-family because most families do not have the luxury of deciding to have three or four cars parked in the garage and then picking and choosing the one that might be convenient for the day or for the particular purpose. They have the one motor vehicle that has to suit all the purposes that the family might engage in. That is something which I think—with great respect—Family First has overlooked.

Also, these vehicles that are going to be exempted under the Greens amendments are diesel powered. The cost of diesel is significantly higher than other fuels, including LPG. We should be looking, I would have thought, at trying to save family budgets some money. Of course, LPG is not necessarily all that fuel-efficient by the very narrow definition of seven litres per 100 kilometres, but it is so much cleaner per 100 kilometres and per seven litres. So, once again, we have these artificial criteria created by the Australian Greens in a bid to get their legislation through.

The diesel engine, in a comparison over 100 kilometres, produces 184 grams of CO2, or carbon dioxide, whereas petrol engines produce only about 166 grams. Therefore, what they are doing is providing a benefit to
As I mentioned before, it is not just the primary production vehicle that you have to look at. It is the vehicle that is used by, for example, the mother taking young children the 40 or 50 kilometres they need to go to get to school. It is okay if you live in the capital city—the school is down the end of the block or you go to the nearest bus stop and the bus drops you at the school. But out in some of these areas where these four-wheel drive vehicles are absolutely essential, mothers take their children 40 or 50 kilometres each
day to school, drop them off in the morning, drive home and come back in the afternoon to pick them up.

Those are the sorts of vehicles; they are not the farm vehicles, because the hubby is doing work on the farm with the farm vehicle. This is mum taking the kids to school or mum going to the provisioning store in the closest town, which in many instances could be 100 kilometres away. These things are not considered by those who draft these laws. Senator Abetz’s requests will cover all of those sorts of things. If we are going to have an increased luxury car tax then we should take it to $90,000 and you will cover all of that.

I want to ask Senator Fielding before he moves his request: is it in fact only the vehicle used on the farm that is the subject of your request or is it any vehicle? Is it just one vehicle a year? On big farms—and some of the properties I have seen in the last few months have been hundreds of thousands of hectares—they would not have just one four-wheel drive. At the place I was at—I will not mention the name—they had a fleet of Toyota vehicles. I would like to know from Senator Fielding what exactly his proposal is? Is it one vehicle a year or is it as many vehicles as you need to run primary production? Or is it as many vehicles as you need to service the primary production, not the ones that you would be throwing your shovel in the back of but the ones that you drive to town to get spare parts, pick up fuel and do things like that?

They are the essential things that need to be addressed. I understand the government is assisting Senator Fielding with his request. Since Senator Fielding is not here perhaps the government could answer just how far that request might go.

Senator ABETZ (Tasmania) (12.54 pm)—Another great fault of the government amendment in relation to emission standards is the fact that there will be no exemption for vehicles that run on biofuels, such as ethanol, that are considered to be zero emission vehicles. When you do policy on the run and you try to stitch up those requests in flawed legislation you make it even worse. That is exactly what has happened in this situation.

We have interesting excerpts from Senator Fielding’s speech during the second reading debate when this bill was first before us. It is interesting to reflect on some of these things. Senator Fielding quite rightly acknowledged ‘this tax increase is a blatant tax grab’. It is and it is inflationary. Why would you bother going any further in considering it? It is a blatant tax grab, it is inflationary and it is going to hurt the Australian car industry. Why would you even consider it? These are some of the comments that Senator Fielding, I think quite rightly, made during his first contribution. He said:

... there are also small businesses that depend on their cars as a tool of trade but their vehicles do not fall into those exemptions. Small tourism operators and farmers are two important groups who will get slugged by this tax increase.

Note the words ‘two important groups’. What about all of the other groups, all of which I have recounted previously and Senator Fielding must have had in his mind? They are to be forgotten. They are the second-class of families and small businesses. They are now to be junked, dumped overboard, for this deal. Senator Fielding went on to say:

Family First also wants to see an exemption or some other way for four-wheel drive vehicles that are registered in rural areas, in recognition that families in rural and regional Australia are doing it tough.

We happen to agree with him that families in rural and regional Australia are doing it tough. Now, all of a sudden, it is only farmers, primary producers and tourism operators who are doing it tough. It is no longer the vets, the stock agents, the plumbers and the mechanics—all of these people are doing miraculously well all of a sudden since 3 September. Then, according to Senator Fielding:

There is also a question of whether the extra tax should be applied to the most fuel-efficient cars, but the same argument could be used for safer cars.

One consequence if this legislation gets through will be that motor vehicle manufacturers will design vehicles to be as light as possible. What do all of the road safety people tell us? In general terms, the heavier the vehicle, the safer it is. As a result, in the name of environmentalism we are going to be sacrificing road safety. That is what the engineers and all the innovators will tell you. You really have to ask why we are pursuing this when we know what the results will be.

The opposition also reminds the Australian Greens that the definition of ‘primary production’ includes:

(g) felling trees in a plantation or forest; or
(h) transporting trees, or parts of trees, that you felled in a plantation or forest to the place:

(i) where they are first to be milled or processed; or
(ii) from which they are to be transported to the place where they are first to be milled or processed.

Of course, the word ‘processed’ could even include, dare I say it, woodchipping. The Greens I understand will be supporting this in complete contradistinction to that which they continually say. This is the sort of policy inconsistency that you get when you make policy on the run. By creating exemptions you make the legislation even worse.

If you want to engage in the politics of envy, if you want to talk about luxury cars and people who are filthy rich, I simply say, to the Labor Party in particular, that somebody who buys a $60,000 Toyota Tarago does not do so as some sort of status symbol, to show everybody down the street, ‘Hey, I’m rich, I’m a millionaire.’ For people who drive a Bentley, that might be the case. For people buying LandCruisers with a bull
bar, with spotlights and all the optional extras required in rural and regional Australia, to slug them and say that they drive around in a LandCruiser to promote themselves as millionaires would be news to every plumber or mechanic in rural and regional Australia—and especially to every farmer and tree harvester in rural and regional Australia. They need these vehicles for their businesses. That is why we as an opposition are saying, ‘Let’s just increase the threshold from $57,180 up to $90,000 and then apply your punitive 33 per cent luxury car tax but leave the others where they are between the $57,000 and the $90,000 threshold.’

As I have said before, here we have a very unfortunate engagement in the politics of envy. We see that from the utterances of Senator Carr and indeed from the Prime Minister himself when, at question time, he waves around a picture of a Porsche. Five per cent of the luxury car tax is obtained from the Porsches and Bentleys of this world. The overwhelming majority of the tax is ripped out of the Australian community for those who buy the LandCruiser, the Toyotas Tarago or indeed the Holden Commodore HSV. If you want to have a luxury car tax then have a super luxury car tax applying as of $90,000.

There is the story of the Porsche, the Ferrari and the Lamborghini that Messrs Swan and Rudd are so happy to parade in the public arena, but how many Bentleys or Porsches can you buy at $57,180? None, unless, as Senator Joyce says, ‘It’s hot’. You cannot buy cars at that price. Mr Rudd and Mr Swan know that to be the fact, yet they deliberately seek to portray our concern for middle Australia, for the small business sector, as somehow doing the bidding of the rich. Indeed, this government-sponsored amendment—which is, if I might say, in direct opposition to the opposition’s amendment—is all about championing, but not the Australian car industry or the 34,000 families who depend on breadwinners in the Australian car industry. If I were a member of the AMWU, I would be asking the trade union leadership, ‘What on earth were you doing at the last election giving donations to the Australian Greens, who are now forcing the government into making amendments that will add another nail to the coffin of the Australian car industry?’ We on this side are busily trying to pull those nails out to give true life to the Australian car industry, yet Labour and the Greens are busily trying to drive in that extra nail. I asked workers in the Australian car industry to check up on their union bosses, to check what they have been doing and why they are supporting the Australian Greens in this very unfortunate amendment.

There are many other matters that I will canvass but, once again, I say that this is inflationary. It hurts the Australian car industry, it hurts innovation and, what is more, it is doing all this at a time when the Australian car industry is suffering very badly. Even at this very late moment, I invite the government and the Greens to reconsider their opposition to our amendment and their support for their own government-sponsored amendment.

Senator IAN MACDONALD (Queensland) (1.04 pm)—In this committee stage of the bill, I want to ask a couple of questions of the minister at the table, the Minister for Broadband, Communications and the Digital Economy, Senator Conroy, who is a former official of the Transport Workers Union.

Senator Conroy—And proud of it!

Senator IAN MACDONALD—Good on you, Senator Conroy. You will have the answer to my question then, as someone who is an expert. What number of Australian manufacturing workers will lose their jobs, as a result of the reduction in sales of Australian cars in favour of imported cars, if the Greens amendment gets up? As I understand it, the Greens amendment will favour the flash, imported luxury and other vehicles, none of which are manufactured in Australia. We know from Senator Carr that there is great concern about manufacturing workers’ jobs, particularly in the motor vehicle manufacturing industry, which has come under some pressure in recent times. Ford have laid off a great number of workers, Mitsubishi had to close their Adelaide plant and General Motors are struggling. The numbers of workers being thrown out of jobs are difficult at the moment. I ask Senator Conroy, as a former Transport Workers Union official: what work has the government done, what modelling has been done to identify the numbers of manufacturing workers, working families, that will be without a breadwinner as a result? Senator Conroy, you laugh. On this side of the chamber, we have a concern for working families who are looking at losing their jobs in the motor manufacturing industry. I thought that would be something that you in particular would treat very seriously.

I do not know; you may have done the work. That is the purpose of my question. What work has the government done? What modelling has been done that will indicate how the tax proposed by the Greens will favour those imported vehicles—non-Australian manufactured vehicles—and, accordingly, be to the detriment of the Australian manufacturing industry? The question is, Minister: what modelling has been done; what assessment has been done; what numbers do you expect Australian manufactured vehicles to fall by as a result of this incentive for imported vehicles; and what will that do to the industry? That is one question.

There is another question, while you are at it, Minister. Senator Fielding’s motion, which I understand the government have assisted with, provides for one vehicle per year for a primary production family. On family farms in western and northern Queensland, in Northern Australia, in the area where I come from, there is always more than one four-wheel drive vehicle. On a
recent trip out west I visited a property which had a fleet of Toyota four-wheel drives with bullbars, spotlights and all the other safety features.

Senator Abetz—Winches.

Senator IAN MACDONALD—Indeed. Thank you, Senator Abetz. There was a fleet of them. Is this amendment going to deal with only one of those 12 vehicles or all of the 12 vehicles? If it is only one, why is that? It is a bit like the uranium policy: ‘Three mines, good uranium; fourth mine, bad uranium!’ That seems to be what this might be. One Toyota vehicle is okay but not 12. You need 12 because they are big properties and they are a long way away. They do not buy them just for the fun of buying them, I can assure you, and they are not cheap. They are there as essential vehicles. So what happens to the other 11? They get the luxury car tax added for work vehicles in that particular area. I would be very interested to hear the answer to those two questions, particularly the second one on why one vehicle should be exempt but others should not.

Senator Conroy, take my word for it. I know you are not a regular visitor out in the country, but most farms would have at least two four-wheel drive vehicles and in some cases there are many of them. They are not just used for work on the farm; they are used for taking the kids to school, picking up provisions, getting fuel and bringing the mechanic out. The vet has to get out. There would be very few vets in the more remote parts of Australia that would only have one vehicle, but then the vet is not going to get it anyhow. I am just curious about that. I find that the amendments are moved with all the best intentions but they just do not seem to make sense to me. I am hoping the minister might be able to help me.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.10 pm)—Could I indicate at the beginning of my contribution that the government will not support the opposition’s amendments. Unlike Senator Macdonald, I have not been convinced by Senator Abetz’s oratory. This is just another part of the raid on the budget surplus. It is further fiscal vandalism. This is what the Leader of the Opposition said in relation to the size of the budget measures that the opposition is blocking: Clearly, $6 billion is a gigantic amount of money in anyone’s terms...

It’s a huge amount of money...

So they admit it is a gigantic amount of money, but they plan to block it anyway. The raid on the surplus continues, with the opposition last night trying to exempt more cars and reduce the tax paid by cars over the threshold. They say they want to exempt Toyota Taragos, but only one model will pay the tax anyway. It is only one model, despite their attempts to continually misrepresent the impact of this tax.

What they forgot and they are a little bit embarrassed by—and we have already seen a little bit of dissembling by Senator Abetz on this—is that by lifting the threshold they are giving a tax break to Porsche drivers. This is because the 33 per cent rate is only payable on amounts above the new threshold. They bleat about people in the bush, but at heart we know that their new threshold is just another tax break for Porsche drivers. It is the same old reckless spending.

I note that our trading partners will take a very close interest in any changes to the luxury car tax. It is therefore important that we observe our international trade obligations in any amendments. These obligations require nondiscrimination between domestic and imported vehicles. For those opposite to continue to try and misrepresent the impact of this measure just shows that they have learnt nothing from the last election. They have learned nothing from the 20 warnings from the Reserve Bank that they all chose to ignore—which led to the highest inflation rate in 16 years. It put upward pressure on interest rates to the extent—

Senator Abetz—This is inflationary! Your own chairman said it.

Senator CONROY—The economics 101 lecture can come later, Senator Abetz. A one-off price movement in a tax level does not necessarily equate to what you are trying to describe, but we can come to that at considerable length, if you want. A one-off movement in a price level—

The TEMPORARY CHAIRMAN—Order! Senator Conroy, I suggest you address your remarks to the chair, not to the senator sitting opposite.

Senator CONROY—My apologies, Mr Temporary Chairman. I accept your admonishment. Based on the former government’s own rhetoric, the GST must have been massively inflationary because it was a huge one-off change in the price rates. You actually argued back then that it was not inflationary; it was a one-off movement. But let us not worry about the hypocrisy of your argument backwards and forwards, because you are on that side of the chamber now. I suggest you look up your own rhetoric at the time on every single one of those taxes that you increased over the many years you were in government. Have a look at your own rhetoric.

Senator Abetz interjecting—

Senator CONROY—It is called the GST. You introduced it and you argued at the time that it would not be inflationary. You argued at the time that it would be a one-off movement. So why don’t you go off and re-read your own rhetoric from the time of the introduction of the new tax? You did not just move a threshold, which is what this measure does; you introduced a new tax. So if you want to sit there and make these arguments then at least try and be consistent with that which you have argued previously. I appreciate that
you did not have personal responsibility for these measures back then, Senator Abetz. I do understand that.

**Senator Abetz**—This is irrelevant to Senator Macdonald’s questions. Why don’t you have a crack at answering them?

**Senator CONROY**—I am actually speaking on your amendments, which is exactly relevant to this part of the committee stage. Senator Macdonald has asked a couple of questions. I am seeking some information for him at the moment.

**Senator Abetz**—So he’s filibustering until he gets the answer.

**Senator Ian Macdonald interjecting**—

**Senator CONROY**—No, I am actually doing the job of the government spokesman in the chamber—which is to outline our position on your amendments. This is the committee stage of the bill and we are dealing with your amendments. So I am seeking some information and I am sure I will get another chance to contribute to the debate, Senator Macdonald, and answer your questions.

On the second one of the two questions you were seeking information on, Senator Macdonald—and I know that you are actually genuinely interested in the answers, unlike some members opposite who are interjecting extensively rather than actually joining the debate—you are allowed one vehicle per year per primary producer. The amendment will apply to new taxable supplies of luxury cars after the amendment comes into effect on 1 July 2008. It will not apply to cars already owned by primary producers before 1 July 2008. So that deals with that question.

On the other question, you were seeking any information that was available. I suspect that there is no information along the lines of what you are describing. It is a little hard, again, to take claims about job losses, particularly in the car industry and the car parts industry, from those opposite seriously when they allowed the Australian car manufacturing industry and car parts industry to completely unwind under their watch. We saw a continual reduction in Australian production under their watch. What we are seeing now are crocodile tears to try and hide the fact that they are actually doing is giving those who want to purchase a Porsche a tax cut.

**Senator IAN MACDONALD** (Queensland) (1.17 pm)—Thank you, Minister, for the answer to at least one of my questions. I reject your statement that the previous government ran down the car industry. Even accepting your argument, which I do not, the question would be: so why are you making it worse? Why are you adding to it? I thought yours was the party of the Australian Manufacturing Workers Union. It was not long ago that Minister Carr was lamenting the number of working families who would not have a breadwinner because of the slowdown in the motor vehicle manufacturing industry, and here you are exacerbating it—taxing Australian cars and giving breaks to imported cars. You did answer my question—you have done no modelling and you have made no assessment. I could add to that that you do not seem to be terribly interested in those who might lose their jobs as a result of this. Thank you for answering it anyhow. Thank you for your answer on the one vehicle per year. But you did not answer the other part of my question—why is one car per year good but two cars per year bad, three cars per year bad or 12 vehicles per year bad?

These vehicles are fairly expensive when you buy them in these areas up in the north-west—for all the right reasons; I am not suggesting that sellers are making a bigger profit, but there are a lot of costs in getting the vehicles there. So what a lot of farmers do is do a deal on a bulk purchase. Those vehicles get fairly well used—a lot of them would do over 100,000 kilometres in one year. Many farmers—and farmers are business-man—make the assessment that it is better to trade them in at 100,000 kilometres rather than wait till 500,000 kilometres, when perhaps you would not get much of a trade-in. So they trade them in. They also do deals with the dealer. They may say, ‘If we buy one, what is the cost; if we buy three, what is the cost; if we buy five, what is the cost?’

I again emphasise that if you are running a farm in some of these remote areas then having one vehicle is just a joke—in many instances, five vehicles is the norm. I have seen upwards of 12 just on the farm area when I happened to be there, and half of them would have been out somewhere else. They are a sort of workhorse—in fact, they replaced horses. In the old days you would probably ride a horse out to see what was happening. Now you need these vehicles with all of these enhancements. The Labor Party has an answer on why uranium from three mines is good but from four mines is bad. You have an answer on that—it is not very convincing. But I do not want to mix the subject matter here. Can you just tell me why it is okay for one primary production vehicle but for any more you pay this huge rip-off?

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.20 pm)—The first part of Senator Macdonald’s contribution referred to the state of the car industry. It has probably escaped your attention, but this government is actually very committed to the manufacturing sector, and the car industry in particular. In fact we are so committed that we commissioned the Bracks report, which has now been completed and has been passed to government.

So let us be very clear: the government, those of us on this side of the chamber, are very committed to this
industry—unlike those opposite, who stood back, washed their hands of it and watched what happened. We are in the process of putting together a government response to the Bracks report. The Bracks report was a comprehensive look at the industry. All those on the opposite side of the chamber have done is complain and make fun of it, as usual, because they have no commitment whatsoever to the car industry. They have a commitment to Porsche drivers but not to the car industry. So let us be clear about that.

On the second matter that you raised, let me be very clear: this is not a government amendment; this is a Family First amendment which we are supporting. In terms of the construct of that amendment, it is a Family First amendment.

Senator Ian Macdonald—You have got all the public servants to do your work for you—

Senator CONROY—It is a Family First amendment, Senator Macdonald, that we have, after consideration—

The CHAIRMAN—Order! Could you please conduct this debate through the chair.

Senator CONROY—Sorry, I apologise again. As I said, this is not a government amendment. It is in actual fact a Family First Amendment which we have considered and are supporting. I can only suggest to those opposite who want to debate the detail of the Family First amendment that they might want to consider posing their questions to the government slightly differently.

Senator MILNE (Tasmania) (1.23 pm)—I rise to discuss this issue of the Australian car-manufacturing industry in relation to the amendments before us. I would suggest that the state of the Australian car-manufacturing industry is an absolute classic example of where a total failure to have an industry policy and a total failure to recognise the trends in climate change and peak oil have led to government failure in relation to manufacturing—and that is exactly what occurred under the Howard government. I think it is absolutely critical that people understand that, because the Howard government never believed in peak oil and, as far as I know, the coalition still does not.

The coalition was committed to Australia building V8s for the American market and big cars for the Australian fleet vehicles. They refused to tie subsidies to the car-manufacturing industry to developing fuel efficient cars. At exactly the same time, the whole world recognised the importance of reducing emissions and the fact that petrol was going to become more expensive as the underlying price of oil increased, so consumers were moving to smaller, more fuel efficient vehicles at the time that the Australian car industry was being encouraged by the government to build big gas guzzlers and being subsidised not only with direct dollars but also by government purchasing power to buy these cars for the Australian Public Service for the government fleets. The fringe benefit tax concession was also encouraging exactly the same—more cars for use for their corporate fleets around the country. So, at a time when the whole world was moving in one direction, Australia was positioning itself to go out of business and out the back door.

What a surprise then that car manufacturers were saying they could not cut it in global competition, they could no longer sell their vehicles and they were putting people out of work. That is directly attributable to former Prime Minister Howard’s climate scepticism, peak oil scepticism and belief in the American dream of bigger, better and faster cars all over more and more freeways. So the rest of the world moved on and Australia was stuck. In 2006 in my budget reply speech in here I said that another $60 million into the car industry not tied to fuel efficient vehicles was a guarantee for disaster. Not long after that, we had the government celebrating a new contract for V8s into the US.

I would like to read for the benefit of the coalition senators, who do not seem to know about global trends, a recent article from the Economist. It shows how China, on the other hand, got very smart about this. China recognised that the competitive advantage for China was building the cheapest, smallest, lightest, most fuel efficient vehicles in the world for the mainstream market, whilst the Europeans moved to European Union new standards of not only fuel efficiency but also emissions intensity, recognising that they would capture the world’s global luxury market and the Chinese would try to displace the Japanese and everybody else out of the mainstream market. How did the Chinese proceed? By doing exactly what the Greens are proposing for the Australian manufacturing industry. The Chinese realised that the only way you are going to be cutting edge in the world is to set yourself high standards, get your manufacturing industry to produce to those standards and then go out onto the world market.

China has just lost its first legal dispute with the World Trade Organisation and it has introduced a new tax that will achieve much of what it originally wanted with the measures it had taken previously—and it is a green tax. China imposed a special 25 per cent tariff on imported car parts rather than the usual 10 per cent if the parts made up more than half of the value of the vehicle. Included in that, imported new cars were also subject to the 25 per cent tariff. This was to encourage foreign car manufacturers to use more local suppliers and reduce imports. America, the European Union and Canada argued that the tariff was against World Trade Organisation rules and the WTO agreed, so China lost its first court case in the WTO on the basis that it im-
posing a tax on imported car parts was against free trade.

Not to be outsmarted, what the Chinese then did was announce a new green tax. It came into effect on 1 September. It was designed to reduce fuel consumption and fight pollution. Then China imposed a 25 per cent tax on vehicles with an engine size of two to four litres and a 40 per cent sales tax on cars of 4.1 litres or above. The article in the *Economist* said:

The government says the new tax will encourage a shift to more fuel-efficient cars. It will also help Chinese carmakers, as they tend to make cars with engines smaller than 2.5 litres. Foreign carmakers, which make most of the cars with larger engines, will suffer.

I hope the coalition is listening to this, because the Chinese have set a policy deliberately to make those people who manufacture large cars suffer. That is the result of the coalition’s policy for insisting that Australian car makers make the cars that the Chinese have set themselves the ambition of making sure do not cut it in the world market. How stupid is that for a coalition policy on manufacturing? To be a global manufacturer, you need to be cutting edge yourself and then go out to the global market, not make things that you think people ought to buy when there is not a market for them.

So the Chinese have gone on to try and introduce greater import tariffs so that they reduce the size of vehicles, which is good for that country in terms of their pollution and their emissions strategy. Their new tax is canny because it cuts fuel use, reduces imports, benefits local car makers and will improve air quality and get around the WTO rules. So, wait for China! Here comes China, with cheap, efficient, light, safe, mainstream vehicles.

What gives the coalition any idea that some sort of patriotism about buying big gas guzzlers simply because they are made in Australia will give enough Australian families the incentive to buy a more expensive, less safe, less efficient vehicle? Let us get much more sensible than that and make cars here which can compete with the kinds of vehicles that China is going to turn out. And we can do that. That is why the government has introduced a green car tax initiative. I support that. The initiative is for $500 million, and the Bracks review has said, ‘Increase it to $1 billion,’ and I agree. If we are going to keep an Australian car manufacturing industry and keep people employed in it we have to convert that industry rapidly to being green and fuel efficient, and we have to reduce the emissions intensity of those vehicles in order to compete.

That is the first part of the process. The second part of the process is changing the tax system so that we get rid of the notion of luxury cars—we phase it out altogether—and, instead of that, we phase in a tax regime which taxes all vehicles on their fuel inefficiency and their emissions. So, if you buy an inefficient car which is emits huge amounts of greenhouses gases, you pay a higher tax on that; if, on the other hand, you buy a car which is highly fuel efficient and has low emissions then you will not pay much tax—right down to zero if you buy an car which runs on electricity made from renewable energy. That is the kind of tax system that we want to phase in. The amendment which I will speak to in a minute, when Senator Conroy moves it, takes us a first step on that journey.

The third part of the process is in government procurement. If you are going to give the car manufacturing industry money to make these green cars, you have to purchase them. So I agree that government procurement policy should be to buy Australian low-emission, fuel-efficient vehicles, and then get rid of the fringe benefits tax concession for motor vehicles, which is a perverse incentive for people to drive more. We need to subsidise the industry to make the right cars that fit the global trend on efficiencies and emissions, and then set up a tax and registration system to favour those cars which are doing the right thing in an environmental and peak oil context.

Let’s be aware that the oil price jumped yet again today and it is only a matter of time before it goes through US$150 a barrel. And let’s be aware of what will happen if the Middle Eastern countries succeed in changing the way that they represent the fuel price. If they change to the euro, away from the US dollar—which is currently under suggestion in the Middle East—then in OPEC you will see a massive shift in fuel prices. So the most sensible thing to do, if you are really serious about protecting motorists from the vagaries of the global fuel market, is to invest in public transport and in fuel efficient cars. Then you need to drive the market, through your procurement policies.

That is a sensible, internally consistent policy. So I find hypocrisy in the way the coalition in opposition harp on about how they wanted to support the car industry. Every move they made was to undermine the industry by throwing good money at the wall, and watch the industry go out the back door because their climate scepticism and their peak oil scepticism blinded them to the fact that the rest of the world had moved and they were stuck in the past and trying to keep Australian industry in the past. In so doing they were driving the industry out the back door. So, if there is one classic example you could put in the textbooks of a government that did not have an industry policy, that was out of step with global trends and that drove an industry out the back door, it would be the history of the Australian car industry under the coalition government.

That is why I am trying to work very hard with the government to drive a shift in policy so that we rebuild the car manufacturing sector, we rebuild competitiveness and we shift the tax burden onto the ‘bads’ and
reward the ‘goods’. That is where we should go in a world where you have carbon constraints and fuel constraints. I look forward to the day when we roll out of Australian car manufacturers a plug-in electric vehicle which we can run from the renewable energy which we are deriving from our own rooftops or our own solar-thermal or wind stations around the place.

It is not beyond the realms of possibility. Germany has just rolled off its first plug-in electrics. One of the German ministers was here recently and was going home to take collection of his. In Paris and London now you have centres—up to 1,000 of them in the centre of the cities—where they are setting up electric plug-in stations in anticipation of this shift to fully electric vehicles powered by renewable energy. So to hear the coalition still raving on about Hummers and V8s and gas guzzlers, and suggesting that roaring around in those is somehow a national pastime, suggests that they are well left behind. I remind them that a Nissan Patrol costs $51,000. There are many four-wheel drives under the $57,000 threshold. There is no reason for anyone who wants a four-wheel drive to have to buy a luxury four-wheel drive. There are plenty on the market they can get for under $57,000.

Senator ABETZ (Tasmania) (1.36 pm)—I hope that I might be in a position to sum up in relation to the opposition’s amendment. I have raised a lot of matters. I note that they have not been engaged with by other honourable senators, and I assume that is because there is no logical response to them. I will briefly respond to Senator Milne’s suggestions. Once again, we see the Greens talking down the Australian car industry. We actually live in a society where car companies can make their own decisions. If private enterprise has somehow misinterpreted the market trends, that is something for private enterprise to bear. It is not something that you would visit on the Australian government. It is interesting, isn’t it, that Senator Milne took great comfort in what country? In China—with a command economy, where the government determines everything and where human rights are, I think, in a somewhat lesser state of repair than they are in Australia. But that is the country that she takes succour and comfort from in relation to this debate. This is a country with a one-child policy and penalties if you have more than one child. Guess what? A lot of people in China can deal with very small cars. You try and fit three baby seats across the back seat of some of those small cars. I confess I speak from personal experience, having used a booster and two car seats for my three children at one stage. You try to fit them into the sorts of vehicles that Senator Milne talked about—and, of course, for safety reasons you would not.

In relation to her comments about the Australian car industry, in fact the Australian car industry took a decision that there would be some very real opportunities in export markets with their vehicles—and they have been successful. The Holden ute has been exported into the United States; in the Middle East our vehicles are being very well received. The problem in the Australian car market is that people are deserting the family six for smaller vehicles or more fuel efficient vehicles; they are in fact buying four-wheel drives and cars that are less fuel efficient.

I will sum up in this way: what the Greens say always sounds good until you start injecting the facts. Once you start injecting the facts, their arguments crumble and are unsubstantiated. One thing I would like to respond to is Senator Milne’s comment that countries such as Germany, France and England are now getting plug-in stations where you can take your electric car. In inner-city and suburban areas, this is a great thing. That is why we were against the government’s $35 million deal with Toyota, because we are getting old technology and, if we were going to use government money, we should have been investing in the newer technology. But do you know where those plug-in stations source their power from? I had better not mention it, because the Greens might hear; I will keep my voice low. In France, for instance, 87 per cent of the plug-in power is generated by nuclear energy. Of course, that is another debate that I will not go into now. Having said all that, I commend the opposition amendments to the committee.

Question put:
That the requests (Senator Abetz’s) be agreed to.

The committee divided. [1.45 pm]

(The Chairman—Senator the Hon. AB Ferguson)

Ayes............ 34
Noes............ 36
Majority......... 2

AYES
Abetz, E.  Adams, J. *
Barnett, G.  Birmingham, S.
Boswell, R.L.D.  Boyce, S.
Brandis, G.H.  Bushby, D.C.
Cash, M.C.  Colbeck, R.
Cormann, M.H.P.  Eggleston, A.
Ellison, C.M.  Ferguson, A.B.
Fierravanti-Wells, C.  Fifield, M.P.
Fisher, M.J.  Heffernan, W.
Humphries, G.  Johnston, D.
Joyce, B.  Kroger, H.
Macdonald, I.  Mason, B.J.
McGauran, J.J.  Minchin, N.H.
Nash, F.  Parry, S.
Ronaldson, M.  Ryan, S.M.
Scullion, N.G.  Troeth, J.M.
Trood, R.B.  Williams, J.R.

NOES
Arbib, M.V.  Bilyk, C.L.
Bishop, T.M.  Brown, B.J.
Brown, C.L.  Cameron, D.N.
Carr, K.J. Collins, J.
Conroy, S.M. Crossin, P.M.
Evans, C.V. Farrell, D.E.
Faulkner, J.P. Feeney, D.
Fielding, S. Forsyth, M.G.
Furner, M.L. Hanson-Young, S.C.
Hogg, J.J. Hutchins, S.P.
Hoggard, S. Ludwig, J.W.
Lundy, K.A. Marshall, G.
McEwen, A. * McLucas, J.E.
Milne, C. Moore, C.
Polley, H. Pratt, L.C.
Sterle, G. Wong, P.
Wortley, D. Xenophon, N.

PAIRS
Bernardi, C. Sherry, N.J.
Coonan, H.L. Hurley, A.
Payne, M.A. O’Brien, K.W.K.
* denotes teller

Question negatived.

The TEMPORARY CHAIRMAN (Senator Troeth)—Order! Would senators please resume their seats or leave the chamber. I call Senator Conroy.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (1.49 pm)—Thank you, Madam Temporary Chair, and can I wish you luck for the weekend.

The TEMPORARY CHAIRMAN—Thank you.

Senator CONROY—I move government amendment (1) on sheet PM297:

(1) Schedule 1, page 3 (after line 27), at the end of the Schedule, add:

4 Before subsection 25-1(3)
   Insert:
   Luxury car tax threshold—general

5 Subsection 25-1(3)
   Omit “The”, substitute “Subject to subsection (4), the”.

6 At the end of section 25-1
   Add:
   Luxury car tax threshold—fuel efficient cars

(a) the table in section 960-265 of that Act included an item referring to the fuel-efficient car limit and to subsection (5) of this section; and
(b) the reference in subsection 960-270(1) of that Act to provisions of that Act included a reference to subsection (5) of this section; and
(c) section 960-270 of that Act applied, and section 960-285 of that Act did not apply, in relation to the fuel-efficient car limit; and
(d) the reference in subsection 960-280(2) of that Act to the car limit included a reference to the fuel-efficient car limit.

7 Section 27-1
   Insert:
   financial year has the meaning given by section 995-1 of the ITAA 1997.

8 Section 27-1
   Insert:
   fuel-efficient car limit has the meaning given by subsection 25-1(5).

9 Section 27-1 (definition of luxury car tax threshold)
   After “subsection 25-1(3)”, insert “or (4)”.

10 Application
   (1) The amendments made by items 1 to 3 of this Schedule apply to taxable supplies of luxury cars and taxable importations of luxury cars on or after 1 July 2008.
   (2) The amendments made by items 4 to 9 of this Schedule apply to taxable supplies of luxury cars and taxable importations of luxury cars on or after the day on which this Act receives the Royal Assent.

I have moved this amendment following agreement between the government and the Greens. The amendment will establish a new threshold of $75,000 for fuel efficient luxury cars in the luxury car tax law—that is, fuel efficient vehicles up to $75,000 will pay no luxury car tax. The vehicles eligible for the higher threshold will be those with a fuel consumption not exceeding seven litres per 100 kilometres. The fuel consumption rating refers to the combined rating defined under the motor vehicle standards enforced under the Motor Vehicle Standards Act 1989.

The Senate committee noted that the average fuel consumption of vehicles under the existing luxury car tax threshold is around nine litres per 100 kilometres. The fuel efficient car limit will only apply to luxury vehicles that are more fuel efficient than these. The fuel efficient car limit will be indexed in the same way as the existing luxury car tax threshold, and the threshold increase will reduce the amount of luxury car tax payable on these fuel efficient vehicles. For cars that are currently on the market, in most cases the effect will be to reduce the luxury car tax payable to zero. Most cars that currently meet the fuel consumption...
requirement do not pay luxury car tax. However, the fuel efficient car limit will act, over time, as an incentive to car manufacturers and importers to get very fuel efficient cars into the Australian market.

The government would like to acknowledge the cooperation of the Greens, Senator Xenophon and Senator Fielding on these bills. These bills are an important part of the government’s measures to ensure there is a strong budget surplus. Since the Senate last debated these bills, the government has engaged with the Greens and Independent senators in good faith and in order to allow a proper consideration of a key part of the government’s budget. I would like to thank the Greens, Senator Xenophon and Senator Fielding for the positive and constructive discussions on their concerns.

Senator MILNE (Tasmania) (1.52 pm)—I rise to support this amendment. When this matter of the luxury car tax was first raised, I made it very clear that it is my view that income redistribution should occur through the income tax system. I wish to remind the Senate that the Greens opposed the tax cuts for the wealthiest people in Australia and argued that in a just society, where we are trying to reduce the gap between the rich and the poor, we should have an income tax system whereby we collect the money from those who can afford it in order to provide public education, public health, pensions and all the things we need to do. Make sure we look after our whole community and so that we are in the equitable country, the country of the fair go, that we say we are. I think it is internally inconsistent that we should have a situation where we reduce the income tax paid by the highest income earners and then turn around and, in an ad hoc way, put a tax on goods on the basis that they are luxury items. Rather, the income tax system should deal with wealth redistribution, and a car tax should drive other outcomes: reducing our greenhouse gas emissions and reducing our dependence on foreign oil.

As the Senate would be aware, in 2006 I moved for an inquiry into Australia’s future oil supplies and our dependence on imported oil. I pointed out at the time that the current account deficit would be in a mess in future years because of our importation of foreign oil and how expensive that is going to be—and Australians have had a taste of that. Something that we foresaw years ago is happening, and it is unrealistic to expect governments to subsidise that in the longer run. What we have to do is reduce people’s dependence on petrol vehicles and, in particular, get our fuel efficiency up and gradually get off running our cars on petroleum based fuels and instead move to electric vehicles or hydrogen-powered vehicles. Other countries have recognised that the move to some biofuels has caused a problem in terms of food security, so we need to increase our research into the biofuels as well—second-generation lignocellulose biofuels.

I am arguing that what we should be doing in terms of vehicles is tax them on their fuel consumption, tax them on their emissions and actually try and drive a change in community behaviour towards driving less and, when people do drive, driving more efficiently. That should be the headline that we have: ‘Drive less and drive more efficiently when you do drive.’ Of course, in order to do that you have to have a public transport system that is adequate to the task, which we do not have either. So we should be using some of the money that we have got in the surplus and some of the money from the sale of permits under an emissions trading scheme to invest heavily in alternative public transport because, again, that assists people who cannot afford motor vehicles to move around cities. Ideally, we will also change the design of our cities over time to respond to climate change and peak oil so that we will have, if you like, urban villages linked by rapid transit.

It was with that perspective that we came to the government and said, ‘We want to put a signal into this legislation that there will be a change of view in the tax system to start driving people’s behaviour to reduce emissions and our dependence on foreign oil and at the same time build competitiveness in the Australian car manufacturing industry’—start rebuilding the car manufacturing industry instead of seeing it further hollowed out as it has been under the Howard government. That is why we put it to the government that we should actually phase out the luxury car tax and instead phase in a tax on all vehicles based on fuel efficiency and greenhouse gas emissions. So you would get rid of the luxury car tax and instead phase in a tax across the board, as indeed they have done in Europe and everywhere else. If you are going to have a competitive industry, that is what you would do.

We recognised that you cannot get such a phase-out of one and a phase-in of the other in a matter of 12 months and so we secured an agreement from the government to refer the phase-out of the luxury car tax altogether and the phase-in of a tax on vehicle fuel efficiency and greenhouse gas emissions to the Henry tax review, which ought to be looking at the big picture: what is the purpose of taxation; how does taxation drive changes in behaviour; and isn’t it time that we started moving our tax system to drive changes in behaviour that will lead to competitiveness in a low-carbon economy, which is where we need to be heading within a very rapid time frame?

So, in negotiation with the government, we secured an agreement that vehicles with a fuel efficiency of better than seven litres per 100 kilometres would be exempt from the luxury car tax, which would cut in at $75,000. That means that cars with that fuel efficiency...
will actually pay no luxury vehicle tax if they cost under $75,000. It is a very strong market signal. This was not about how much money it would cost the government or otherwise; this was purely about signalling a shift in the tax system, to show that it is possible to change a tax system to start taxing ‘bads’—and the ‘bads’ in this case are carbon emissions and fuel dependence. Look at that oil price and ask yourself: what are we in Australia doing to get ourselves off foreign oil?

This is a really important shift and one that hopefully will be advanced through the Henry tax review. It is the beginning of a change to the tax system in terms of vehicle fuel efficiency, and that is why it is such a critical move. It is a symbolic move and it is a real move in terms of about 20 makes of motor vehicles, but in overall terms it is about taking us where we need to go for the future. I find it very difficult to imagine that there is an argument as to why you would not want to shift the Australian car fleet to a more fuel efficient and less emission dependent footing.

Progress reported.

QUESTIONS WITHOUT NOTICE
Age Pension

Senator HUMPHRIES (2.00 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. Will the government show respect to Australia’s pensioners and allow the House of Representatives to immediately debate the coalition’s Urgent Relief for Single Age Pensioners Bill 2008, as passed by the Senate yesterday?

Senator CHRIS EVANS—I thank the senator for the question. I think we had best show respect for seniors and for pensioners, more specifically, by actually addressing their concerns seriously and by actually looking to tackle the issues that underpin their financial status. Quite frankly, pensioners I have spoken to are not impressed by political stunts. They know that the opposition is committing a fraud on them by saying that they are going to immediately increase pensions by $30 per week. It is a fraud and it is a stunt—they know that. They know that the government understands that they are doing it tough. Senior spokesmen from the Prime Minister down have made it clear we understand that the financial pressures on pensioners are growing and that adequacy of the age pension is being questioned. We have accepted that.

In our first budget we have made a down payment to those people most affected—not just by focusing on single age pensioners but by focusing on all pensioners, including couples and those on disability pensions and veterans pensions. We have actually said that we need to provide some relief. That is why we delivered that relief in our first budget. We delivered more than $5 billion in extra relief for those pensioners. That is what you do when you treat them with respect—you deliver. We also acknowledged that there were fundamental structural issues with the pension. That meant that there was an argument that came out through the Senate inquiry process, which did a good job in exploring these issues, that, in effect, more fundamental change needed to occur. So we had a look at the basic structures underlying the rate of pension and the other allowances that relate to it.

So we said we would take on that serious public policy work—and we are. Under the broad guidance of the tax review, Dr Harmer, who is the Secretary of FAHCSIA, is actually undertaking the work directly focusing on the adequacy of pensions and the other payments that impact on those people. So we are doing the serious public policy work.

We reject the stunt. We have said consistently that we are not interested in stunts from the opposition. And, quite frankly, the Australian public understand that those now in opposition had 11 long years to do something, yet they did nothing. They had 11 budgets. Senator Minchin and Senator Coonan were at the cabinet table when Minister Brough said, ‘Let’s do something for the pensioners.’ And what did Senator Minchin and Senator Coonan do? They said: ‘No, we do not care about the pensioners. We will do nothing.’ For 11 years they did nothing.

The pensioners of Australia know that the Howard government in 11 years through 11 budgets did nothing to support them. But they know that this government is actually committed to addressing those fundamental structural issues that underpin the pension and the payments associated with it and to looking at long-term solutions to their needs. But in the budget we did put down a $5 billion down payment. We increased the utilities allowance from $100 or so to $500. We did spread the payment more broadly. We have invested in carers and others—and not just picked on one group of pensioners—who were ignored under the Liberal proposition. We are serious about it and we do treat those on fixed incomes and income support with respect. You do that by doing the hard public policy work rather than pulling stunts. (Time expired)

Senator HUMPHRIES—Mr President, I ask a supplementary question. Given that Labor senators yesterday were too embarrassed to call a division on the vote on that bill in order to avoid their names appearing in Hansard against this legislation, is it a fact that the government are refusing to allow debate on this bill in the House because they are afraid that some Labor backbenchers will actually follow their consciences and vote for our initiative to increase the age pension by $30 per week?

Senator CHRIS EVANS—What I do note is that no-one from the opposition side spoke in support of their bill until the shadow minister in reply. None of
you came into the chamber. None of you cared enough to come in and support it. That is why we know it is a stunt. That is why we know you are frauds. If the opposition were serious they would have come in here and supported it. They know it is a stunt and we know it is a stunt.

Senator Coonan—Mr President, I rise on a point of order relating to the Leader of the Government in the Senate seriously misleading the chamber. Everybody knows that there was one speaker on the bill in order to accommodate the time pressures for the government schedule. Senator Evans should come clean on the reasons for that and not cast aspersions where it is not appropriate.

Honourable senators interjecting—

The PRESIDENT—Order on both sides of the chamber! There is no point of order. Minister, you have 23 seconds left.

Senator CHRIS EVANS—Mr President, if people are interested in this issue, they ought to compare the number of speakers the Liberal opposition had on the luxury car tax bills, defending the rights of luxury car purchasers, versus those they put up to support their pension bill. It is about 15 to one, and I think that says it all.

Economy

Senator FEENEY (2.07 pm)—My question is to the Minister representing the Prime Minister—

Honourable senators interjecting—

The PRESIDENT—Order! Resume your seat, Senator Feeney. Senator Abetz and Senator Sterle, it is not possible to hear the question when you two are having a banter across the chamber. Senator Feeney.

Senator FEENEY—My question is to the Minister representing the Prime Minister, Senator Evans. Can the minister outline to the Senate current global economic challenges and their impact upon our economy?

Senator CHRIS EVANS—I thank Senator Feeney for what I think is a very important question. As we saw on the news last night, we continue to see volatility on global financial markets, with Wall Street falling 3½ per cent. These global financial difficulties will continue to impact on confidence and share markets around the world and are slowing the global economy. The world’s largest developed economies are struggling to grow. The UK, Japan, Germany, France and Italy all recorded zero or negative growth in the three months to June this year, so we should not be surprised that these global problems, together with the 10 interest rate rises that we experienced under the previous government, are slowing our economy.

From the beginning, this government has been very upfront and honest about that. In our May budget we recognised that the combination of slower global growth, tighter credit conditions and high interest rates would slow growth and that this slower growth would have flow-through effects to the labour market. The budget forecast at that time, that employment growth was slow and that the unemployment rate would rise to 4½ per cent by June 2009, was contained, as I said, in the budget. We are not immune to these global difficulties, but we are better placed than most countries to deal with the impact. We do have a strong, well regulated financial sector. I think across the parliament people accept that. Our banks are well capitalised and well regulated and do not face the nature and depth of the problems of their US counterparts.

In Australia, subprime mortgages account for only one per cent of the mortgage market, compared with around 15 per cent in the US. That is one per cent of subprime mortgages here and 15 per cent in the US—a quite different situation. Our default rates are nowhere near those being experienced in the US. The prices for our commodity exports are of course at generational highs, and that obviously assists. Businesses are investing in the future with confidence, planning for a record $100 billion in additional investment in 2008-09. Part of the reason that we are better prepared than many other economies is that we have a strong budget surplus to help buffer us against this global turmoil. That strong budget surplus is important to protect Australian families and to buffer our economy.

I am very concerned that the opposition seem to argue that we can just spend the surplus and all will be okay. I see that Senator Joyce was quoted saying that today, saying, ‘Just spend the surplus. Don’t worry about it. It is all okay.’ We actually think you need to be more responsible than that.

Honourable senators interjecting—

The PRESIDENT—Order! Resume your seat, Senator Evans. Order on my right! Senator Joyce.

Senator Joyce—Mr President, I rise on a point of order. I request, if I may, that Senator Evans table the transcript in which I actually said, ‘Spend the surplus.’

The PRESIDENT—There is no point of order.

Senator Ludwig—Mr President, on the point of order, what we now—

The PRESIDENT—I have ruled on the point of order, Senator Ludwig.

Senator Ludwig—I withdraw the point of order I made.

The PRESIDENT—There was no point of order. Minister.

Senator CHRIS EVANS—Thank you, Mr President. I am sorry if that is not right and Senator Joyce has been misquoted on the wires, but certainly the reporting seems to indicate that he thought we did not need the surplus.
Certainly, as we know, the opposition have said they can cut the rate of petrol, pay $30 a week in pensions and prevent any extra taxation revenue, and that we need not worry about the economic pressures on our economy. We ought not worry about the international impacts. Somehow we can do all these things and we do not need the budget surplus. Well, we say we do. And we say to the opposition: pass the budget, act responsibly, allow us to provide the sort of economic stability and responsibility that Australia needs. Join us in making sure we act responsibly, rather than taking the path of economic irresponsibility and trashing your economic credentials. If you want to talk about bipartisanship, pass the budget and allow us to maintain the surplus. (Time expired)

Urgent Relief for Single Age Pensioners Legislation

Senator TROETH (2.13 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. On what basis does the government claim that the advice of the Clerk of the Senate on the constitutionality of the Urgent Relief for Single Age Pensioners Bill is wrong?

Senator CHRIS EVANS—I thank the senator for her question. I also indicate that the Clerk of the Senate and I are not related at all, so I have no difficulty in saying that on this occasion we disagree with the advice of the Clerk of the Senate, Mr Harry Evans. We have advice, both legal advice and advice from the Clerk of the House of Representatives, that to initiate the bill in the Senate is unconstitutional. It is an appropriation bill and it seeks to ask the Commonwealth to expend funds. I think even in the papers supplied by the opposition they admit that it is going to cost $1.4 billion or so. We think they got their figures wrong. Nevertheless, they concede that it will require the appropriation of funds. Traditionally and constitutionally, it has been recognised that that is not the role of the Senate. We have not had the capacity to seek to introduce and pass appropriation bills in this chamber. That has been reserved for executive government and the House of Representatives. As I said, we have advice to that effect, we advised the Senate of that yesterday and we argued our case. But we did not seek to delay the Senate. We sought to get on and debate the bill rather than relying on procedural questions.

Senator Abetz, interjecting—

Senator CHRIS EVANS—Senator Abetz, I know you have spoken a lot on the luxury car tax but I have never heard you speak on the pensioners, but that is a decision for you. We know what your priorities are. What I can say to Senator Troeth, through you, Mr President, is that we have advice both in terms of—

Senator Abetz—If you want us to speak more, we will.

Senator CHRIS EVANS—Senator Abetz, if you are threatening me—

The PRESIDENT—Order! Senator Evans, resume your seat. Senator Abetz and Senator Evans, it is disorderly for comments to be going backwards and forwards across this chamber during question time. Senator Abetz, I have been very tolerant of your interjections over a long period of time and I am also tolerant of some of the responses. I would ask senators to act in an orderly manner in this chamber. The questioner is entitled to be heard when asking the question. The responder is entitled to be heard, without interjection, when responding—and that also includes help from the chorus that might be in the background.

Senator Ronaldson—Mr President, I rise on a point of order. Under no interpretation could the comment of Senator Abetz be interpreted as a threat. That was just to go in Hansard. It was an outrageous allegation and it should be withdrawn immediately.

The PRESIDENT—There is no point of order. Senator Evans.

Senator CHRIS EVANS—Thank you, Mr President. I am happy to indicate that I was referring to Senator Abetz interjecting that if I made comments like this, they would delay the bill by speaking more. I am saying that sort of approach will not work. I am happy to respond to the primary question, which is whether or not the government accepts that the Senate has the right to initiate appropriation bills. We do not. We made that very clear. We have made it clear for days, perhaps weeks, now. We have legal advice and we have the advice from the Clerk of the House of Representatives. The Clerk of the Senate has provided different advice. I respect his role and his experience, but on this occasion the government and I personally have a different view. That is competent for us to do that. The House of Representatives will deal with the message of the bill by whatever means it decides to do today. That is obviously a question for it. But, yes, we do have the view that it is not constitutional. We have sought and received advice on that. We maintain that is correct and, as a result, the House of Representatives will reflect that view when it is brought before the House of Representatives, I think, today.

Senator TROETH (2.18 pm)—Mr President, I ask a supplementary question. I request that Senator Evans table the advice that he has received. I would also like to mention that I have in front of me advice from the Clerk of the Senate addressed to Senator Minchin dated 15 September which says, ‘There is no barrier to the introduction of such a bill in the Senate.’ And later on it says, ‘A bill to increase the rate of age pensions does not need to contain an appropriation of money.’ So I ask Senator Evans, noting that he again seems to think that the House of Representatives is more important than the Senate: why does the government seek to
hide behind their own flawed view of the Constitution rather than simply introducing the Urgent Relief for Single Age Pensioners Bill themselves, thereby guaranteeing justice for pensioners?

Senator CHRIS EVANS—I thank Senator Troeth for the supplementary question, although it seemed to be a bit more of a speech than a question. We have advice which we rely upon that it is unconstitutional for the bill to be initiated in this way. In terms of Senator Troeth’s remark: ‘Do I think the House of Representatives is more important than the Senate?’—yes, I do. That is where government is formed, Senator Troeth, through you, Mr President. The party that wins the majority of seats in the House of Representatives forms the government. We have a very important role in the Senate and I have always respected that, but in terms of the initiation of appropriation bills the Constitution makes it clear that ought to occur in—

The PRESIDENT—Order! Senator Evans, resume your seat.

Senator Fielding—I rise on a point of order, Mr President. I am not so sure that it would be right, fit and proper for any senator to say that the House of Representatives is more important than the Senate.

The PRESIDENT—There is no point of order.

Senator Faulkner—Mr President, on Senator Fielding’s point of order: I make the point that I have noticed over the years that senators seem to say what they like.

Senator CHRIS EVANS—Perhaps a sobering thought for the opposition is to count the number of senators they have here, realise they have a lot more than the government has and wonder why they are in opposition. That is role of the House of Representatives. (Time expired)

Economy

Senator FORSHA W (2.21 pm)—My question is—

Honourable senators interjecting—

The PRESIDENT—Senator Forshaw, resume your seat. We will not proceed until there is silence.

Honourable senators interjecting—

The PRESIDENT—Senators Faulkner, Carr and Bernardi, there is an appropriate time to debate this across the chamber at the end of question time.

Senator FORSHA W—My question is to Senator Sherry, the Minister for Superannuation and Corporate Law. Can the minister update the Senate on how Australia’s regulators are responding to events in global financial markets? How is the government supporting them in their role?

Senator SHERRY—Those in the Senate chamber and, I am sure, those in the public would be well aware that in the last two weeks we have seen extremely difficult conditions for global financial markets, characterised by extremely volatile—

Honourable senators interjecting—

Senator SHERRY—I hear members of the opposition saying, ‘So what?’ These are very important issues that the Liberal opposition appears to believe are insignificant. They are very important issues. We are confronting the most challenging global financial circumstances in a quarter of a century; some have said that this is a once in a century event. Share market volatility globally has been very significant in recent weeks, sparking possible US government intervention to the tune of some US$700 billion and possibly over US$1 trillion.

Overnight, the US Congress has been working through the details of the proposals with the Secretary of Treasury, Hank Paulson, to basically buy up all of the subprime assets which have infected their financial system. In a reversal of 70 years of regulation, the last two remaining independent investment banks, Goldman Sachs and Morgan Stanley, have been given approval by the Federal Reserve to formally become banks—that is, deposit-taking institutions. In further market developments, reports indicate that Japanese bank Mitsubishi UFJ looks likely to be about to purchase up to a quarter of Morgan Stanley.

The point that I would make and that the Liberal opposition appear do not what to even consider is that this is a very fast moving situation. Every day—indeed, every hour—brings a major new development in the global financial markets. The Prime Minister, the Treasurer and other senior economic ministers are in regular communication with Australia’s regulators. The Treasurer and I met with the full Council of Australian Regulators at length last Friday.

As I informed the Senate yesterday, last week we saw the independent regulators ASIC and, in this case, the ASX take steps on short selling. ASIC took decisive action on Friday and with the ASX banned naked short selling here in Australia and put some additional clarity around what exactly a covered short sale is. These are both important steps in ensuring ongoing market confidence. After that decision, the US SEC moved again with an additional emergency order, completely banning all short sales, naked or covered, on their financial services companies.

After the Australian declaration by ASIC and ASX, Ireland, Germany, France and Ontario, all major financial jurisdictions, took additional action over the weekend. As a result, to ensure that the Australian market was not hit by a wall of short selling funds on Monday morning, ASIC took further action and temporarily halted most forms of short selling of Australian stocks on Sunday evening. In uncertain times like this, we cannot afford to have offshore funds, particularly hedge funds, attacking our market.
I would like to take this opportunity to highlight some comments made by John O’Shaughnessy, Deputy CEO of the Investment and Financial Services Association, who said, ‘If there is a moratorium in the US and UK, it makes sense that Australia follows suit.’ He went on to say, ‘The moves on Friday night were understandable and we’re not surprised they’ve extended them today.’ (Time expired)

Senator FORSHAW—Mr President, I ask a supplementary question. Can the minister point to alternative approaches to dealing with our very well respected regulators?

Senator SHERRY—Unfortunately, in these uncertain times the Liberal opposition have lost complete control of their response to these financial conditions. Yesterday we saw the appalling situation and display of the Leader of the Opposition and the shadow Treasurer attacking the independent market regulator, ASIC. The Liberal opposition, when in government, created the independent regulator; they gave it its powers of independence; they created and appointed the three independent commissioners. Here we have the Liberal opposition attacking a creation of their own and attacking commissioners that they appointed. ASIC is an independent regulator that has responded appropriately in the current situation.

Senator Coonan interjecting—

Senator SHERRY—You should know, Senator Coonan, as I am sure that you approved the appointment of those commissioners. They are independent. In these circumstances, they have behaved very appropriately in cracking down on short selling and stopping market manipulation. You should support them, not criticise them. While you are at it, pass the budget. (Time expired)

Economy

Senator BARNETT (2.28 pm)—My question is to the Minister for Superannuation and Corporate Law, Senator Sherry. Why on 8 August this year, just six weeks ago, did the minister tell the investment and financial services annual conference, ‘We will not be banning short selling’?

Senator SHERRY—Thank you for the question. I did not say it just on that occasion; I have said on many occasions that the government would not legislate to ban short selling. I have said that on many occasions. Let me explain how short selling is regulated in this country, because the questioner clearly does not understand the regulatory framework that we have.

Honourable senators interjecting—

Senator SHERRY—It appears that the Liberal opposition have no fundamental understanding about who makes decisions with respect to the regulation of—

Opposition senators interjecting—

Senator SHERRY—It appears that the Liberal opposition have no understanding of the way in which short selling is regulated in this country. What happens in Australia is that the independent regulator, ASIC, regulates short selling. The independent supervisor, the ASX, regulates naked short selling. They are the two organisations that have the power to regulate short selling in this country. I am surprised that the Liberal opposition do not know this because they established that system. They established an independent regulator. As I have just said, they created the independent regulator, they gave it its independent powers and indeed they appointed the three current independent commissioners. Why they criticise an independent regulator I do not know. It is very inappropriate in these times. And the opposition, when in government, gave the power to the ASX as an independent supervisor to control naked short selling.

What I have said on many occasions is that the government would not legislate to control short selling. It is the responsibility of independent regulators to make that decision, based on market decisions. Clearly those opposite do not understand and have not been following those market conditions. Let us look at the last two weeks. Two weeks ago, the American government bailed out Fannie Mae and Freddie Mac. Last week the United States government announced a massive bailout of AIG because the infection in the financial system in the United States was spreading to the insurance system. In that context, not just ASIC, the independent regulator, and not just ASX but almost every other regulator around the world decided to introduce limits on short selling and effectively ban it with a number of variations depending on the jurisdiction.

They decided to ban it, and I agree with them because circumstances changed last week. Those opposite do not appear to have noticed that the infection in the financial system in the United States is not getting any better; it is getting worse. So the independent regulator and the independent supervisor, the ASX, took the decision to limit it and effectively put an interim prohibition on short selling. They made the call and I agree with them because market circumstances changed and became so serious that they had to minimise market manipulation. Those opposite should stop bagging the independent regulator and get on and provide some budget certainty and pass our budget.

Senator BARNETT—Mr President, notwithstanding the minister’s refusal to answer my first question, I do have a supplementary question. What steps is the government taking to ensure that people using online share trading platforms such as CommSec are not short selling?

Senator SHERRY—Unfortunately, the supplementary question still reveals a failure to understand who makes the decisions about financial regulation and su-
pervision when it comes to the prohibition of short selling in this country. We have an independent regulator, Senator—ASIC. They determine the details of the operation of and the transition provisions for the ban on short selling in this country. If you go to their website I am sure they will have laid out the transitional provisions and the details of the transitions for this very important measure that has been taken at a time of market instability. I stress, we have major market instability that has been ongoing and has got worse. The independent regulator, ASIC—which you created; you appointed the commissioners, which you continue to criticise—has made a decisive decision and put an interim ban on short selling which is necessary with the current share market volatility. It is very important that you support that and support our budget measures and provide the vital cushion we need to ensure financial stability. (Time expired)

Urgent Relief for Single Age Pensioners Legislation

Senator BOB BROWN (2.34 pm)—My question is to you, Mr President. President, we have heard the Labor view that this chamber is less important than the House. Today the Clerk of the House has attacked the constitutionality of the pensions bill which passed the Senate last night. With force of superior argument, I believe, the Clerk of this chamber has defended the Senate’s constitutional rights. President, will you confirm the ruling first expounded way back in 1921 by President Givens that the Senate has every right to initiate bills like the pensions bill which involve increased expenditure from appropriations which have already been made?

The PRESIDENT—Thank you, Senator Brown. I do advise the chamber that Senator Brown did advise me that there would be a question.

Government senator—Oh! A dorothy dixer!

The PRESIDENT—I said ‘that there would be a question’. I will address the question as I can at this stage. Yesterday the Senate considered the Urgent Relief for Single Age Pensioners Bill 2008, after a decision by the Senate to grant that debate precedence over government business. The Senate debated and agreed to the bill and it was then transmitted to the House of Representatives. I understand that, to this point, the House has not taken any action on the message from the Senate transmitting the bill. Any action will be a matter for the House of Representatives. I understand that, to this point, the House has not taken any action on the message from the Senate transmitting the bill. Any action will be a matter for the House of Representatives in the first instance. Should any message on the subject be received from the House at a later stage, it will be given up to the Senate to consider the matter further. Further, in your question you did ask about the earlier ruling. I am not overturning any previous ruling of the Senate at all.

Senator BOB BROWN—Mr President, I ask a supplementary question. The indication that the House may refuse to accept on constitutional argument, falsely put if I take the Clerk of this place correctly, an important bill from this chamber raises very serious constitutional questions. I ask the President what ability this chamber has to look at the constitutionality of bills originating in the House of Representatives which that House wants properly, and should have properly and duly, dealt with by this chamber?

The PRESIDENT—Senator Brown, I will take that part of your question on notice, but I believe at this stage, until the House of Representatives has considered the message that was transmitted, which I signed last evening, and until they have acted, I cannot pre-empt what they might do or not do in respect of the bill that was transmitted. Secondly, in respect of the constitutionality of bills that originate in the other chamber, I believe that that is a matter that can be considered by the High Court should that be necessary.

DISTINGUISHED VISITORS

The PRESIDENT—Order! I draw the attention of honourable senators to the presence in the President’s Gallery of members of the Defence and Security Committee from the NATO Parliamentary Assembly, led by the Chairman of the Committee, Mr Julio Miranda Calha. On behalf of all senators, I wish you a warm welcome to Australia and, in particular, to the Senate.

Honourable senators—Hear, hear!

QUESTIONS WITHOUT NOTICE

Economy

Senator McGauran (2.38 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. How does the Rudd government’s decision to cut $6 million a year out of the budget of the Australian Securities and Investments Commission assist it to properly do its job at a time of this global crisis?

Senator CONROY—I thank Senator McGauran for that question, which he got to belatedly. Senators in this chamber would be aware, because we have mentioned this occasionally in the last six months, not in the last few days, that this is a very difficult period for global financial markets. I know that it catches those opposite by surprise, because each day there is a movement they get caught on the different side of the argument. We have seen the fourth largest investment bank in the US go bankrupt and the third largest bought out by the Bank of America. We have seen the world’s largest insurer requiring an $85 million lifeline from the US Federal Reserve. We have seen share markets last week fall significantly, although we have seen some recovery. So each day as things go up and down the opposition keeps getting caught on the wrong side of the argument. They do not have any economic policy that is responsible. They are engaging in cheap shots on a daily basis and it does not matter if they become contradictory.
Earlier I heard an interjection about how well-qualified the member for Wentworth is to make commentary on these issues. The member for Wentworth helped bring us the HIH and FAI. He brought the insurance industry in this country to its knees with his own personal performance, and he is engaged in litigation with the HIH inquiry—

Senator Abetz—Mr President, I rise on a point of order in relation to relevance. The question was very specific: how does cutting $6 million a year out of the budget for ASIC assist it to properly do its job at this time of global financial crisis? Well may Senator Conroy talk about the member for Wentworth and other people, but it is absolutely and utterly irrelevant to the question that was asked. I remind you of the powers that you do have under standing order 196 to sit down a senator for repeated irrelevance.

Senator Ludwig—On the point of order, Mr President: what we now have the opposition doing is providing their question again, attaching the word ‘relevance’ to it in the hope that it gets heard for a second time, then adding commentary to it. It is impermissible to do that. They should state whether it is relevant or not and their argument for that without raising the question again. I humbly submit that there is no point of order that has been raised by Senator Abetz because he has, again, just simply reiterated the question and of order that has been raised by Senator Abetz because he has, again, just simply reiterated the question and attached the word ‘specific’ to it. Senator Conroy can provide a broad answer in respect of this question and he is relevant to the question and on point, I would humbly submit.

The PRESIDENT—There is no point of order and, as I have said before, in keeping with precedence in this place I cannot instruct a minister how to answer the question. I draw the minister’s attention to the question and I draw the minister’s attention to the fact that there are still two minutes and six seconds to remain relevant to the question.

Senator CONROY—Thank you, Mr President. I did note that the question specifically referred to the global financial turmoil and Australia’s responses to it so I think that I am perfectly entitled to discuss all of the question, not just the one bit that those opposite choose to try to put an emphasis on. I thank you for your ruling because what I was discussing before this spurious point of order was the role of the merchant banking industry. There is now a new Leader of the Opposition who proudly claims his economic credentials as a merchant banker. It is the very merchant banking industry which has brought the world’s global financial sector to its knees. Even today, the last two remnants, Goldman Sachs—

Senator Coonan—Mr President, on a point of order: the point about the question and the point about relevance is that Senator Conroy was asked to address himself to the resourcing capacity of ASIC. He has not, so far, brought himself to that, and he was also, I think—and I may have needed to raise this a little earlier—getting very close in his earlier comments to a personal reflection on the integrity of the member for Wentworth. He may not have intended that, but it is certainly appropriate—

Government senators interjecting—

The PRESIDENT—Order on my right! Senator Coonan is entitled to be heard in silence.

Senator Coonan—My point was that in his earlier remarks Senator Conroy, if I heard him correctly, did say that the member for Wentworth had brought the insurance industry to its knees and was involved in litigation to that end. That is getting very close to reflecting on the member, and that is certainly not permissible within the rules. But my particular point of order is: would you, Mr President, ask Senator Conroy to be relevant to the question about the adequate resources of ASIC to deal with the global financial crisis?

The PRESIDENT—Senator Coonan, I understand your point of order. I know that predecessors of mine have ruled that they cannot instruct the minister on how to answer the question. I stick with that ruling. However, I draw the minister’s attention to the question. You have one minute 19 seconds remaining to answer the question and to remain relevant to the question that was asked.

Senator CONROY—As I was saying, the merchant banking industry has brought the world financial system to its knees, and they have all abandoned ship. They are not proudly claiming that they were super economic managers because they are merchant bankers. Morgan Stanley and Goldman Sachs have aban- doned the merchant banking industry today. They have disowned merchant banking. So, as those opposite are proudly making claims about the qualifications to run the economy of the member for Wentworth, his own industry has abandoned ship, and those opposite are interested in nothing more than cheap point-scoring. They criticised the Prime Minister—

Opposition senators interjecting—

Senator Carr—Do you support the Roosters as well?

The PRESIDENT—Senator Carr! Wait a minute, Senator Heffernan; you will get the call. I will give people the call when there is quiet.

Senator Heffernan—Mr President, on a point of order: last night we had 80 points of rain at Junee. Would the minister like to comment on that? It would be as relevant as the garbage he is going on with now.

Senator Ludwig—Mr President, on the point of order: we now have an opposition who have degenerated into taking frivolous points of order. If they want to take relevant points of order, they can take those, but
what we now have demonstrated for us is that the Lib-erals are choosing to use language that is bordering on unparliamentary in this place. I would ask you, Mr President, to reflect upon the point of order that has just been taken. It should be maintained, at least, what the relevance is of the issue being raised, but unfortunately we now have the Liberals degenerating into a farcical position. I would ask you to rule accordingly.

The PRESIDENT—There is no point of order. I call the minister to respond.

Senator CONROY—Thank you. As I was saying, those opposite are resorting to nothing more than cheap shots. They are criticising the Prime Minister for going to New York to consult over the world financial crisis. They may as well criticise Senator Wong for going to Argentina recently to negotiate—

Honourable senators interjecting—

The PRESIDENT—Senator Conroy, resume your seat. Just resume your seat; it is easier.

Senator CONROY—They may as well criticise my colleague Senator Wong for her recent trip to Argentina on important environmental issues, or my colleague Minister Crean for travelling to Chile to sign the Australia-Chile Free Trade Agreement, or my own recent visit to the US and the UK. They do not have any policies; they are simply—(Time expired)

Senator McGAURAN—Mr President, I ask a supplementary question. How does the government’s decision to cut not only the $6 million from ASIC but also the $2 million a year from the budget of the Australian Prudential Regulation Authority allow those bodies to properly do their job at this time of global crisis? Isn’t it a fact that the Labor government has left Australia’s financial regulators dangerously under-resourced at this critical time?

Senator CONROY—I am glad, because I know that, actually, Senator McGauran would at least know which league the Roosters played in, and he would not try and claim—

The PRESIDENT—Senator Conroy, you should be relevant to the question.

Senator CONROY—if the member for Wentworth wanted to know which league the Roosters played in, perhaps he could have given me a ring, because I could certainly have told him.

Senator Coonan interjecting—

The PRESIDENT—Senator Conroy, resume your seat. Senator Coonan, I had made a comment to Senator Conroy prior to that. Senator Conroy, you were asked to be relevant to the question.

Senator Coonan—Mr President, that was my point of order. This is a very serious issue as to how well-resourced ASIC and APRA are to deal with the global financial crisis. So far Senator Conroy’s answer has been almost incomprehensible and utterly irrelevant to the question.

Senator CONROY—Australia’s regulators have performed solidly in the recent difficult times. ASIC is appropriately funded to undertake its role as the corporate regulator and has received substantial funding increases over recent years. Funding for ASIC has increased by approximately 85 per cent above CPI, from $130.1 million in 2000-01 to a budgeted $303.3 million in 2008-09, so ASIC is doing—(Time expired)

Climate Change

Senator LUNDY (2.52 pm)—My question is to the Minister for Climate Change and Water, Senator Wong. Can the minister update the Senate on the public submission process for the Carbon Pollution Reduction Scheme and any recent developments that could undermine Australia’s capacity to tackle climate change?

Senator WONG—Thank you to Senator Lundy for her question. Mr President, as you know, the Rudd government is delivering a comprehensive response to the challenge of climate change, a challenge that unfortunately was ignored for too many years by those opposite. We are doing this because we recognise the need to act now. It is the responsible thing to do—the responsible thing for our children and to protect the economy and the responsible thing for the nation’s future.

Since releasing the Carbon Pollution Reduction Scheme green paper in July of this year, over 900 submissions have been received as part of the public submission process. Those submissions came from a broad cross-section of the Australian community, from households to big business. We will continue as a government to work with the community on the design of the Carbon Pollution Reduction Scheme. I am very pleased to advise the Senate that there is very broad support through these submissions for taking action on climate change. The fact is Australian households and businesses want action on climate change.

Unfortunately, those opposite and their colleagues in the other place appear to remain out of step with the rest of the nation. I am sure that most Australians would have thought and would have hoped that the election of a new opposition leader would mean that the opposition would turn over a new leaf when it came to climate change and that this would be an opportunity to finally put their legacy of neglect and of scepticism to bed. But it appears that the more things change the more they stay the same. Instead of decreasing the influence of the climate change sceptics who infect those opposite, what we see is that the Leader of the Opposition has promoted them.

Honourable senators interjecting—

The PRESIDENT—Order! This is not multiple question time; it is question time, where a question is
asked of the minister and the minister responds. Having multiple questions and debate across the chamber does not advance the purpose of question time one iota.

Senator WONG—As I was saying, instead of decreasing the influence of the climate change sceptics, the new Leader of the Opposition has promoted them. Yesterday, he appointed the member for Goldstein to a new role determining the opposition’s policy on emissions trading, which is central to the response to climate change. This is the same member for Goldstein who, according to the Financial Review Magazine, thinks that climate change is lies, lies and damned statistics. This is the same member for Goldstein who thinks that climate change is just a leftie fad—that, after the fall of communism, it has become a cause celebre for the left. This is the same member for Goldstein who says of action to reduce carbon pollution: It bothers me that the world could be spending serious resources on what we think might be causing it.

If there were any doubt that the climate change sceptics in the opposition are now in charge of climate change policy for the opposition, all you need to do is look in this chamber at who is representing the member for Goldstein—it is the notorious climate change sceptic, Senator Minchin, who we know does not believe that climate change is real.

The opposition leader wants to be taken seriously on climate change. If he is going to be up to the challenge of tackling climate change, he is going to have to do better when it comes to tackling the climate change sceptics, who ensured that the previous government did nothing on this key issue in all their years of government and ensured that this country did nothing for 12 years. They are the same people who ensured that the Howard government failed the task and failed in the responsibility of preparing this country for its future challenges. Senator Minchin, the member for Goldstein—these people who believe that climate change is real.

The opposition leader wants to do better. It is a great shame that the Leader of the Opposition has given in to his better judgement and promoted the climate change sceptics. It is time for him to stop pandering to them. It is time for the Leader of the Opposition to support action on climate change and to support a Carbon Pollution Reduction Scheme. He knows it is the right thing to do.

Taxation

Senator Fifield (2.58 pm)—My question is to the Minister representing the Treasurer, Senator Conroy. I refer to the minister’s answer yesterday where he asserted in response to my question about the KAP Motors case:

... the Federal Court decision has not had impact on the Commonwealth budget.

Is the minister aware that it was the Rudd Labor government who took the decision to include GST revenue as Commonwealth revenue in the budget papers? Is the minister further aware that the government’s own budget papers, at page 512 in Budget Paper No. 1, confirm that the KAP Motors decision is described as accounting for a decrease in forecast revenue of around $500 million? Will the minister now admit he was wrong yesterday and correct his answer?

Senator Conroy—I proudly admit that the Rudd government ended the fraud on the Australian public perpetrated by those opposite when they decided to pretend that the GST was not a Commonwealth tax, just so they could airbrush away the fact that they were the highest taxing government in Australian history. That is exactly what they engaged in for the best part of 10 years—airbrushing away the fact that they were the highest taxing government in Australia’s history. The old ‘Doctor Yes’ is over there, the former Minister for Finance and Administration—

The President—Order! Refer your comments to the chair.

Senator Conroy—who rolled over every time the Prime Minister demanded more spending and demanded more taxing. Let us be clear: at a time of global economic uncertainty we need a strong budget surplus. We need it to provide a buffer against this global turmoil. We need it to ensure that the Reserve Bank has room to move on interest rates and to finance critical national building investments for the future. That is why we have delivered a $22 billion surplus. Even the Leader of the Opposition has conceded that the proposed hole in the surplus is gigantic—his own words.

Senator Fifield—Mr President, I rise on a point of order on relevance. The question to the minister was very clear: is the minister aware that the KAP Motors decision is described as accounting for a decrease in forecast revenue of around $500 million—yes or no?

The President—On the point of order, as you know, I cannot instruct the minister how to answer the
question. I draw the minister’s attention to the question and to being relevant to the question.

Senator CONROY—As I said, even the Leader of the Opposition has conceded that the proposed hole in the surplus is gigantic. This is what the Leader of the Opposition told Laurie Oakes. He said:

Clearly, $6 billion is a gigantic amount of money in anyone’s terms ... It’s a huge amount of money ...

The priorities of those opposite are all wrong. They chose tax relief for Porsche drivers over public transport for working families. Despite a new leadership team, the opposition are playing their old opportunist games to delay the passage of this legislation. It shows how determined those opposite are to vandalise the budget surplus we built as a buffer.

Senator Fifield—Mr President, I rise on a point of order on relevance. I have been hoping that the minister may get to the nub of the question, which is: will the minister admit that he was wrong yesterday—yes or no?

The PRESIDENT—As I have said before on similar points of order, I cannot instruct the minister how to answer the question. I can draw the attention of the minister to the question, which I do, and the fact that the minister has one minute and 34 seconds to be relevant to the question that was asked by Senator Fifield.

Senator CONROY—Given the turbulence on global financial markets in recent weeks, you would have thought that any responsible economic manager would vote for a strong surplus, but not the Liberal Party led by the new opposition leader. In contrast to the Liberals, the government would like to acknowledge the cooperation of the Greens and Senator Xenophon and Senator Fielding on this important budget measure. The Greens and Senator Fielding and Senator Xenophon have more economic responsibility in their little fingers than those opposite have in their entire collective being. The Liberals have shown only that they will splash the cash at any opportunity.

Senator Minchin—Mr President, on a point of order on relevance: you have repeatedly drawn Senator Conroy’s attention to the issue of relevance throughout this question time. He has now had nearly four minutes to answer a very specific question as to whether he was right or wrong in saying that the Federal Court decision has no impact on the Commonwealth budget. His attention was drawn to the fact that his government changed the treatment of GST revenues, and it has been put to him that he was completely wrong in his statement yesterday. I ask you to draw his attention in the remaining minute that he has to the question and to tell the Senate whether or not he misled the Senate, which we believe he did.

The PRESIDENT—Once again, on the point of order, Senator Minchin, I hear your point of order but I cannot instruct the minister how to answer the question. The minister has 48 seconds. The minister is reminded of the question and that he is to remain relevant to the question.

Senator CONROY—This government is fixing a loophole in the laws that allow businesses to get GST refunds they do not deserve. This loophole was revealed by the Federal Court decision in KAP Motors. That allowed motor dealers to have a GST refund without passing it on to their consumers. To avoid disadvantaging those taxpayers who the court decided were entitled—

Opposition senators interjecting—

The PRESIDENT—Order! Senator Conroy, resume your seat. I cannot hear the answer.

Opposition senators interjecting—

The PRESIDENT—That is not the issue. I am entitled to hear the answer in silence. Whether or not you like the answer is a different issue.

Senator CONROY—As I was saying, to avoid disadvantaging those taxpayers who the court decided were entitled to a refund, we changed it going forward—that is, not retrospectively. As those opposite should know, all GST revenue is paid to the states and territories; therefore, the Federal Court decision has no impact on the Commonwealth budget. (Time expired)

Senator FIFIELD—Mr President, I ask a supplementary question. I take the minister’s failure to answer the question as an admission that he was wrong about the financial impact of the KAP Motors case. Minister, how can Australians be expected to believe your denials that the luxury car tax surcharge imposition was not simply payback to the car industry for losing this court case?

Senator CONROY—Those opposite are obsessed by protecting the Ferrari and Porsche drivers of this country. They just cannot accept that, at a time of global economic and financial crisis, we need a government that will be economically responsible and this government is up to the task. The opposition’s continued efforts to smash our budget surplus show that they have little economic credibility and those Australians who take the time to listen to them will absolutely understand they are just economic vandals.

Senator Chris Evans—Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

Workplace Relations: Fair Work Australia

Senator LUDWIG (Queensland—Minister for Human Services) (3.08 pm)—In response to Senator Abetz’s question yesterday asked of me in my capacity representing the Minister for Employment and Work-
place Relations, I seek leave to incorporate the answer in *Hansard*.

Leave granted.

*The answer read as follows—*

Additional information—Question without Notice

Senator Abetz asked the Minister Representing the Minister for Employment and Workplace Relations (Senator Ludwig), on 22 September 2008:

Given that the Government has recently moved to expand the investigative powers of the ACCC, will the Government be doing the same with the ABCC?

**Response**

The Minister for Employment and Workplace Relations has provided the following information:

The Government’s Forward with Fairness Policy Implementation Plan includes a number of very clear commitments in relation to Australia’s building and construction industry, including a commitment to retain the Office of the Australian Building and Construction Commissioner (ABCC) until 31 January 2010. Specifically, the ABCC will retain all its current powers and its full resources for this period.

At that time the Government will replace the ABCC with a specialist building and construction division of the inspectorate of the Government’s new independent umpire, Fair Work Australia.

Consistent with our commitments, the Government has commenced a process of extensive consultation with industry stakeholders to ensure that the transition to those new arrangements will be orderly, effective and robust.

Consultation on the structure, independence, powers, resourcing and other matters relating to the new specialist division is being conducted by the Honourable Murray Wilcox QC, a former Australian Federal Court judge who has been asked to report to the Government by the end of March 2009.

**QUESTIONS WITHOUT NOTICE:**

**TAKE NOTE OF ANSWERS**

**Urgent Relief for Single Age Pensioners Legislation**

Senator TROETH (Victoria) (3.08 pm)—I move:

That the Senate take note of the answers given by the Minister for Immigration and Citizenship (Senator Evans) and the President to questions without notice asked by Senators Humphries and Troeth and the Leader of the Australian Greens (Senator Bob Brown) today relating to the age pension.

We have heard some interesting answers today from Senator Evans and others as to why the government believes that the introduction of the Urgent Relief for Single Age Pensioners Bill 2008 in the Senate is unconstitutional. Both Senator Evans, as the leader, and I tabled, or attempted to table, advice on opposing sides of this question. The advice that Senator Minchin received from the Clerk of the Senate, Mr Harry Evans, as I mentioned in my question, said:

There is no barrier to the introduction of such a bill in the Senate and a bill to increase the rate of age pension does not need to contain an appropriation of money.

Mr Evans goes on:

Bills which involved increased expenditure from appropriations which have already been made or will be made in the future are commonly introduced in the Senate. Such bills have originated in the Senate since 1901.

And I think Senator Brown mentioned that the right of the Senate to initiate such bills was expounded in a ruling by President Givens in 1921. That was a long time ago, but since then many government bills have fallen into that category. I further quote from the letter from the Clerk of the Senate, Mr Evans:

To choose one example from 2007, the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007, initiated in the Senate, extended pharmaceutical benefits in respect of prescriptions issued by optometrists. The explanatory memorandum accompanying the bill noted that money had already been appropriated to cover the additional costs to the Pharmaceutical Benefits Scheme. Because the bill did not appropriate the extra money required for its operation, it was not an appropriation bill and therefore could be initiated in the Senate. There are several other such examples of government bills in recent times.

Further to his remarks in answering my question, Senator Evans maintained that pensioners were not impressed by stunts. Our move is not a stunt; it is a genuine attempt to address the economic hardship that is being felt by single age pensioners in comparison to age pensioner couples in recognising the fact that single pensioners, largely living by themselves, still have to pay many of the costs associated with housing, utilities and so on, in keeping up their standard of living. Both the Prime Minister and Ms Gillard have agreed that they could not live on the single age pension.

Senator Evans maintains that the government is taking on serious policy work. In the 164 reviews and committees commissioned by this government, why is the safeguarding of some of the most vulnerable people in our community, who have no other recourse for their economic livelihood, not regarded as serious policy work? Why are they waiting until at least the next budget to look at that as a serious policy issue?

It is not true that those on this side of the chamber, the opposition, did nothing. To give you an example, we linked age pensions to 25 per cent of male total average weekly earnings and legislated that the age pension be set at at least 25 per cent or increased by CPI, whichever was the greater. As a result, the maximum single rate of pension is now $1,892 per annum higher than it would have been otherwise. We also legislated to maintain pensions at two per cent a year above the rate of inflation.

What we are calling for is perfectly reasonable. The increase of $30 per week in our bill will have the effect of increasing the rate of the single age pension to two-thirds the rate of the couple age pension. As well, from 20 September, with this increase the single age pension will increase to $311.05 per week. The base rate of the
couple age pension will not change. If we introduce this now, this measure will cost up to $1 billion until the end of the current financial year and it will increase pension payments for over 850,000 single age pensioners. *(Time expired)*

**Senator CROSSIN** (Northern Territory) (3.13 pm)—I rise in response to the motion to take note of answers today. We can stand in this chamber and debate ad infinitum whether the House of Representatives is a more superior place in this building than the Senate, but in reality, if you look at the Constitution, section 53 clearly says:

Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate.

That is the basis of the advice which the Clerk of the House of Representatives has provided to the Labor Party and we have legal advice to that effect. But let us not detract from that debate in this place today. Senator Troeth stood up and said that trying to increase the pensioner rate for single pension recipients only is not a political stunt. It clearly is. The way in which it is clearly a political stunt is that one day you announce you are going to extend this increase for single pensioners, and then you get a bevy of letters across the country from carers, from people with disabilities and from veterans associations questioning this. On 11 September the Vietnam Veterans Association questioned Brendan Nelson on the review of the veteran pension rates. They said that he had failed in this attempt to promise increased pension rates. So less than 24 hours later, this coalition—the would-be, ‘wannabe’ government of this country—says: ‘Oh gosh! Heavens! We’ve been lobbied by veterans associations across the country, so let’s include them in the loop as well.’ What does it say about pensioners who are on a disability allowance? What about people who are on a carers allowance? And what about those pensioners who are on a married rate? Don’t they matter to the coalition? Doesn’t the coalition care about them at this point in time? Is this a stunt? Absolutely this is a stunt!

This purports to award an increase to some people who would be gathering this allowance and this pension, but not others. It fails to look at the intricate costs and the CPI increases and the linking to other allowances across the system. This is simply window-dressing a problem that was never substantially tackled by the opposition in 11 long years. If you do a search on ParlInfo then you would find that Senator Coonan mentioned the word ‘pensioner’ once in this chamber in 2007—only once did that word ever cross her lips in this Senate chamber. Why didn’t she support, in cabinet, an increase to the pensioner rate? Why did she overturn the then Minister Brough when that proposal was put up? Why don’t those people come into this chamber now and explain why, in fact, in cabinet they could not support an increase in the pension rate, but now they want to push through this legislation in the Senate? This legislation has been done on the run, obviously without consultation and obviously not looking at the broad income support recipients who would miss out on this: 1.1 million age pension couples do not benefit from this stunt; 732,000 disability support pensioners will not benefit from this stunt; 130,000 people getting a carer payment are locked out of this stunt.

The Labor Party has said: ‘We’ll tackle this hard public policy debate. We’ll have a look at the connection between these allowances and the CPI increase.’ When we make a response, following the review, it will be a comprehensive response that looks after earlier people in receipt of this allowance—not just a very small category of recipients for a very short moment in time just because this coalition decides that it needs to get a bit of relevance. It has changed leaders in the past week, it has changed its front bench in the past week, but it has no positive policies. The only thing that this opposition can seek to do is rush through legislation in a house that is not entitled to do such a thing. If you have a look at the number of people who stood up to defend the legislation, you will find there was only one person on their second reading debate speakers list. So if this was such a great public policy emanating from the new opposition, you would think they would be lining up their backbenchers to support this and justify it. And they cannot. *(Time expired)*

**Senator KROGER** (Victoria) (3.18 pm)—I rise to take note of answers again—having spoken to the single age pensioner legislation only last week—because I am absolutely staggered at the continued accusations of those on the other side of the chamber who continue to suggest that not only is this a political stunt, but that it is also an indecent assault on the process of this good chamber. With respect to Senator Crossin, Mr Deputy President, I would suggest that one of the strengths of what we do and our responsibilities is to consult with our constituents and to respond to what their needs are in the community.

Since I rose in the chamber last week to speak on the legislation, my phone lines have been in meltdown because older Australians are absolutely outraged by the continued disdain that the government shows them. This has continued since the passage of the bill from this chamber yesterday. It is now sitting at the steps of the House of Representatives because they will not prioritise it, they do not consider it to be important and they are not putting it on their agenda. It is an absolute disgrace and it is a sure sign of the static way in which this government manages the affairs of this country.

I have to respond to some comments that Senator Crossin just made in relation to her suggestion that the Howard-Costello government did nothing for 11 years. On the contrary, you cannot rewrite history by making it up on the run. The figures and statistics stand up for
themselves and you cannot rewrite history. The Howard-Costello government were concerned about the capacity of pensioners to be able to cope with the daily inflationary pressures that they were facing. And so accordingly pensions were raised two per cent on average over that 10- to 11-year period. The Howard-Costello government, given the surpluses generated through our conservative financial management of this country, determined that they would give one-off payments to pensioners of $500 per annum as a measure to help defray increasing costs in utilities—whether it was energy, gas, telephone bills, but a one-off payment was given—to ensure that they had increased capacity to deal with costs that they were feeling the pinch on from.

They also initiated the Senate Community Affairs Committee inquiry into the cost of living pressures on older Australians, the conclusions of which were only brought down in March of this year. It is interesting to note that the conclusions of that committee and the findings were brought down under the Rudd government. The conclusions include the fact that there were significant demographic changes occurring in our country and that by 2042 one-quarter of all Australians would be 65 and over. So even blind Freddy would realise that the labour market will become more static over time, that there will be a slowdown in economic growth and that in actual fact there will be fewer people in the workforce who will be able to pay the taxes that will be able to help support older Australians and in turn those pensions.

As I mentioned last time, in Deakin, an electorate where I am a patron senator, there are 6,243 single pensioners. In Chisholm, where Anna Burke is the Labor member, there are some 6,142 single pensioners. They do not want a Labor government that is not looking after them. They are all desperately in need of this support, and we seek the passage of this bill into the House of Representatives so it can be dealt with in an expeditious manner.

Senator MARK BISHOP (Western Australia) (3.23 pm)—I want to address the three issues attached to the discussion which seem to have some prominence. Firstly, the constitutional background to the passage of the bill, if it should be passed in due course; secondly, the issue of precedent in terms of bills that have been passed in previous years in this place on one or two occasions, having originated in the Senate and hence being cited as precedent; and, thirdly, the utility or merit of the content matter of the bill that is going to be considered by the House of Representatives, as I understand it, sometime this week.

Firstly, let us turn to the constitutional basis of the bill—if the bill were to be passed and if it were to become an act of the Australian parliament and if it were to be challenged in the High Court in due course—and whether it is a lawful bill or lawful act of the Commonwealth parliament. We are very, very clear on that position. We have said from the outset that in our mind there is no power in this chamber to initiate the passage of a money bill. We say that because section 53 of the Constitution, which Senator Crossin referred to earlier, clearly states:

Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate.

Clearly, we say, it is a logical conclusion from that that a bill to institute a pension payment or to increase a pension payment would need to be paid for out of revenues. Therefore, an increase in a pension payment will require the Commonwealth to spend extra funds, extra moneys, and the only way to do that is to increase the amount appropriated from consolidated revenue. The explanatory memorandum circulated with the bill clearly states that the financial impact of the bill at this stage is something in the order of $1.45 billion. Indeed, the clause of the bill headed ‘Objects’ also clearly states:

the objects of this Act are to:

(c) increase the single age pension, single age service pension and the Widow B pension by $30 per week;

So we simply regard it as a matter of absolute logic that, if you are attempting to increase a pension payment paid by the Commonwealth under law to recipients and you are increasing the amount, that is by definition an appropriation, and appropriation measures may only be initiated in the House of Representatives and not in the Senate. On that basis we say that if the matter were ever challenged in the High Court it would be ruled to be invalid and hence is likely to be ruled constitutionally flawed.

Let us now turn to the proposition raised by Senator Troeth in her contribution where she said there was precedent in this place for initiating money bills, and she particularly referred to the National Health Amendment (Pharmaceutical Benefits) Bill 2007. There are two points to be made in respect of that bill. Firstly, just because something has been done in the past does not make it correct, does not make it have legal standing; it is just something that has occurred in the past. But, more importantly, we suggest to Senator Troeth that the bill passed and the bill passed yesterday are fundamentally different.

The 2007 bill only changed the way prescriptions could be prescribed by allowing optometrists to write scripts. An additional person within the medical community was given authority to write scripts. This changed administrative arrangements, not items on the PBS. Nothing else was added that allowed extra expenditure. It simply changed administrative arrangements and was not funded from a standing appropriation. As I said earlier, the opposition’s pensions bill clearly states that it has a financial impact of almost
$1.5 billion a year, funding from a standing appropriation. Therefore, the situations in the two bills are in no way analogous. A proper analogy with the 2007 pharmaceutical bill would be, for example, a bill allowing pensioners to claim the pension through the Taxation Office and not through Centrelink. (Time expired)

Senator HUMPHRIES (Australian Capital Territory) (3.28 pm)—I do not know whether Senator Bishop is a lawyer in a former life, but if he were, I can see why he is now in the Senate and not at the bar somewhere or working as a solicitor, because I have never heard such a load of dross in my entire life. Let us examine briefly section 53 of the Constitution. It says:

Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate.

It is very clear. Does this bill passed last night by the Senate impose taxation? What is it taxing? Is it taxing cars, haircuts or plane trips? Is it taxing anything? It is, of course, taxing nothing. Therefore, it is not a bill imposing taxation. Is it a bill which appropriates revenue or money? Maybe, according to Senator Bishop, it is, but not according to the advice which the Senate has received by the Clerk. I quote into the record what that advice says:

A bill to increase the rate of age pensions does not need to contain an appropriation of money. Age pensions, and other entitlements under the Social Security Act 1991, are automatically paid under a special appropriation of indefinite duration and unlimited amount in section 242 of the Social Security (Administration) Act 1999. Any increase in pensions is paid for under that appropriation without any necessity for any further appropriation to be made.

That is absolutely and abundantly clear. I am not rising in this take note debate to debate the legislation and the constitutional basis on which it is moved because I sit here and I cannot help but wonder what ordinary Australians, particularly senior Australians who are in receipt of age pensions, would think about the tenor of this debate.

These people are not interested in a constitutional debate about whether the Senate does or does not have power to pass such legislation because these people believe—no, these people know—that the Australian parliament has the ability to solve the problem that they are facing. It is the problem of having mounting bills, mounting grocery bills, mounting energy costs and increasing costs to fill their cars. They know that these problems are fixable by the Australian parliament or by the Australian government. They look to us to solve that problem.

To demonstrate that we understand the concern that they have, we accept our responsibility to provide a decent standard of living for those Australians who have worked hard to put us and a younger generation in a position of being able to afford a very comfortable standard of living across this nation. They expect us to look after them in their retirement. They cannot go out there and get other jobs to supplement their income or to increase their assets in some way.

The 950,000 single age-pensioner Australians, a group that Senator Crossin described as ‘a very small category of recipients”—it is a strange notion of ‘small’ if you ask me—are dependent on the generosity of the Australian government and the decisions of the Australian parliament as to how their standard of living operates and how much of the wealth of this country they enjoy. It is obvious and patently clear to anybody who has examined these issues, including those senators who took part in the Senate Community Affairs Committee inquiry last year and at the beginning of this year, that action on those issues is overdue and urgent. That is why the Senate last night passed legislation to deal with the issue.

It is, frankly, repugnant that today the government should be rising in this place arguing the toss about the constitutional basis on which such action to deal with that issue should proceed. I do not care whether the Senate has the power or not to solve this problem. The elected government of Australia has the power to solve this problem, and it should do so. It should accept that it has a problem because it raised this issue as a problem only in August last year when it moved for this inquiry to be conducted by the Senate Community Affairs Committee into the cost-of-living pressures on older Australians. They understood then that there was an issue and they should understand now when they occupy those benches opposite that that issue has not gone away in the meantime. In fact, it has got much worse with rising costs.

So what are they going to do about it? Forget the constitutional arguments. What are they going to do to fix the problem that older Australians face today? (Time expired)

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.34 pm)—Senator Humphries is right on the mark and I agree with him totally. The questioning of the constitutionality of the passage of the pensions bill from the coalition, supported by the crossbench, through this chamber last night is a political diversion away from the need for the government to take action to increase pensions and to ameliorate the very hard times that pensioners—not least single pensioners—are having to make ends meet as costs rise right across the board.

The prospect of a constitutional showdown over this bill is neither edifying nor a good way for the government to be treating this parliament. The government should, if it wishes to block the Senate’s legislation for an increase in pensions, simply use its numbers to prevent that debate taking place on the floor of the House of Representatives and then accept responsibility for
that action. Its effort to simply say, ‘We cannot take this debate on because there is a constitutional flaw,’ is in my books a red herring. It is entirely unnecessary. We have the advice of the Clerk of the Senate in the letter he wrote to Senator Minchin. And it is compelling evidence that since the 1920s, if not earlier, serial Presidents have ruled on the validity of bills such as the bill passed by the Senate last night because provision is made for appropriation for matters like pensions—and there are the other examples cited of payments through the Pharmaceutical Benefits Scheme and legislation from time to time to alter pensions or the Pharmaceutical Benefits Scheme—to originate in the Senate because the appropriation is available under the original enacting legislation.

I notice that the Clerk of the House of Representatives, Mr Harris, had this to say on The World Today on ABC Radio today:

There are very severe doubts as to the constitutionality of this bill. My belief is that a bill of this kind should not have originated in the Senate.

On the legal component of that statement, it is not good enough for the Clerk to have a belief. The Clerk should produce the argument and the rationale behind that belief, as the Clerk of the Senate, Mr Harry Evans, has done for the members of this place and indeed the wider public, who are no doubt taking an increasing interest in this matter.

When the Clerk of the House of Representatives, Mr Harris, says that his belief is that a bill of this kind should not have originated in the Senate, I do not think there is a senator who would disagree. It should have originated in the House of Representatives and it should have come from the government. But the fact is it did not. It did not because this government has failed to take up the public feeling of the moment, not least, according to Senator Evans’s figures, from some 3.7 million pensioners who want an increase in their pensions.

The reality is, as I have said a number times in debate, that the government had no trouble in its budget in May, with no reference to committees, no inquiries—nothing at all—passing legislation for $31 billion in tax cuts over four years. If it can do that, it can raise pensions for a couple of billion dollars to have the neediest people in our community a little bit better off.

Question agreed to.

NOTICES
Withdrawal

Senator WORTLEY (South Australia) (3.39 pm)—Pursuant to notice given at the last day of sitting, I now withdraw business of the Senate notice of motion No. 1 standing in my name for today, notice of motion No. 1 standing in my name for seven sitting days after today and notices of motion Nos 1 and 2 standing in my name for 10 sitting days after today.

Presentation

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (3.39 pm)—I give notice that, on the next day of sitting, I shall move:

That the provisions of paragraphs (5) to (8) of standing order 111 not apply to the following bills allowing them to be considered during this period of sittings.

AusLink (National Land Transport) Amendment Bill 2008
Australian Research Council Amendment Bill 2008
First Home Saver Accounts (Further Provisions) Amendment Bill 2008
First Home Saver Account Providers Supervisory Levy Imposition Bill 2008
Safe Work Australia Bill 2008
Safe Work Australia (Consequential and Transitional Provisions) Bill 2008

I table statements of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statements incorporated in Hansard.

Leave granted.

The statements read as follows—

AusLink (National Land Transport) Amendment Bill 2008

Purpose of the bill

The bill amends the AusLink (National Land Transport) Act 2005 (the Act) in order to allow for the continuation of the Roads to Recovery program beyond 2009, to allow for better management of the Roads to Recovery funding list, and to enable funding of all projects in the Heavy Vehicle Safety and Productivity Program which is due to commence 1 January 2009.

Reasons for Urgency

Passage of the bill is required to allow the continuation of the Roads to Recovery program beyond 1 July 2009. The Roads to Recovery program provides funding for local roads maintenance and upgrading. Funding is provided directly to local government authorities, and to State and Territory governments where they are responsible for roads in unincorporated areas. The Australian Government has committed to ongoing funding of the AusLink Roads to Recovery Program from 1 July 2009 until 2014. The Act currently provides for payments to be made only after 30 June 2005 and before 1 July 2009. This sunset clause needs to be removed.

Passage of the bill is also required in the 2008 Spring sittings to enable the Heavy Vehicle Safety and Productivity Program to commence from 1 January 2009 and to ensure all projects under the program can be funded under the Act.

(Circulated by authority of the Minister for Infrastructure, Transport, Regional Development and Local Government)
Australian Research Council Amendment Bill 2008

Purpose of the bill
The bill amends special appropriations in the Australian Research Council Act 2001 to:

- provide funding for the Future Fellowships – Establishment Budget measure;
- apply indexation to existing appropriation amounts in the Act; and
- create an additional out year financial forward estimate.

Reasons for Urgency
The bill enables the delivery of the Future Fellowships scheme consistent with the 2008-09 Budget measure Future Fellowships – Establishment. Future Fellowships are an election commitment through the 14 November Media Release entitled Keeping Our Best And Brightest In Australia – Labor’s Future Fellowships. The Future Fellowships are anticipated to be delivered commencing early (first quarter) calendar year 2009. To provide a basis for this expenditure, the amendments in the bill increase funding to ARC schemes via special appropriation. Passage of this legislation by the end of the Spring sittings will enable expenditure.

Secondly, the bill provides indexation for ARC existing schemes. As indexation is included as part of this bill, it follows that there is not excess funding within the Australian Research Council to otherwise provide funding for the Future Fellowships.

Thirdly, the bill creates a new out year financial forward estimate in the funding profile. (Circulated by authority of the Minister for Innovation, Industry, Science and Research)
Senator Chris Evans to move on the next day of sitting:

That the following bill be introduced: A Bill for an Act to amend the law relating to migration, and for other purposes. 

Migration Legislation Amendment (Worker Protection) Bill 2008.

Senator Bob Brown to move on the next day of sitting:

That the Senate—

(a) recognises that the current global economic downturn, and particularly, the crisis in the banking and insurance industry in the United States of America will have serious negative implications for Australia and the rest of the world;
(b) notes that:
(i) executive pay in Australia has risen exponentially in the past 10 years, with the average total remuneration package approximately $4.56 million in 2006,
(ii) in 2006 the average remuneration package of the 10 highest paid chief executive officers (CEOs) in Australia was $11 749 074,
(iii) the average salary for the top 100 CEOs, including those working for companies which are failing, was $1.8 million in 2006,
(iv) the average Australian adult annual salary is $58 864, and
(v) pensioners and other low income earners are currently experiencing considerable financial hardship yet the Government will not give them an additional $30 a week; and
(c) calls on the Government to urgently introduce measures to address this inequity and restrict the unjustified and extravagant salaries paid to executives, including options such as capping the most extravagant executive salaries and investigating loopholes in taxation legislation for such salary earners.

Senator WORTLEY (South Australia) (3.40 pm)—

On behalf of the Standing Committee on Regulations and Ordinances, I give notice that, 15 sitting days after today, I shall move:


Senator Hanson-Young to move on the next day of sitting:

That the Senate—

(a) notes that:
(i) Friday, 10 October 2008 is the sixth annual World Day Against the Death Penalty, and
(ii) this day of action was established in 2003 by the World Coalition Against the Death Penalty in a commitment to the universal abolition of capital punishment; and
(b) calls on the Rudd Government to urge the 60 remaining nation states that continue to use the death penalty as a form of punishment, to abolish the death penalty as a matter of urgency, and halt all executions of those sentenced to death.

Postponement

The following items of business were postponed:

General business notice of motion no. 123 standing in the name of the Leader of the Family First Party (Senator Fielding) for today, relating to an amendment to the reporting date for the Joint Standing Committee on Electoral Matters inquiry into the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2008, postponed till 24 September 2008.

LEAVE OF ABSENCE

Senator PARRY (Tasmania) (3.42 pm)—by leave—I move:

That leave of absence be granted to Senator Payne for the period Monday, 22 September, to Thursday, 25 September 2008, on account of parliamentary business overseas.

Question agreed to.

COMMITTEES

Environment, Communications and the Arts Committee

Meeting

Senator McEWEN (South Australia) (3.43 pm)—I move:

That the Environment, Communications and the Arts Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 24 September 2008, from 4.30 pm to 5.30 pm, to take evidence for the committee’s inquiry into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008.

Question agreed to.

Rural and Regional Affairs and Transport Committee

Meeting

Senator McEWEN (South Australia) (3.43 pm)—I move:

That the Rural and Regional Affairs and Transport Committee be authorised to hold a public meeting during the sitting of the Senate on Wednesday, 24 September 2008, from 3.30 pm, to take evidence for the committee’s inquiry into the Horse Disease Response Levy Bill 2008 and two related bills.

Question agreed to.

Economics Committee

Extension of Time

Senator McEWEN (South Australia) (3.43 pm)—I move:

That the time for the presentation of the report of the Economics Committee on matters relating to the gas explosion at Varanus Island, Western Australia, be extended to 13 November 2008.
Question agreed to.

Economics Committee
Meeting

Senator McEWEN (South Australia) (3.43 pm)—I move:

That the order of the Senate of 16 September 2008, authorising the Economics Committee to hold a public meeting during the sitting of the Senate on Tuesday, 23 September 2008, be varied to provide for the committee to continue to meet from 6 pm to take evidence for the committee’s inquiry into Australia’s space science and industry sector.

Question agreed to.

MURRAY-DARLING BASIN

Senator HANSON-YOUNG (South Australia) (3.43 pm)—I move:

That the Senate—
(a) notes that:
(i) the mismanagement of the Murray-Darling river system is shaping up to be Australia’s largest environmental catastrophe, and
(ii) on Sunday, 28 September 2008 a rally for the Murray River will be held in Adelaide to highlight the need for immediate, decisive action; and

calls on the Government to establish a taskforce to evaluate the options of the current Senate inquiry into the Lower Lakes and Coorong, and develop an action plan to put the solutions into place.

Question agreed to.

INTERNATIONAL DAY OF PEACE

Senator LUDLAM (Western Australia) (3.44 pm)—I move:

That the Senate—
(a) notes that:
(i) Sunday, 21 September 2008, was the International Day of Peace, declared by the United Nations (UN) General Assembly in 2002 as a day of non-violence and a global ceasefire, commemorating and strengthening the ideals of peace both within and among all nations and peoples,
(ii) on this day, a general ceasefire across Afghanistan lasted from midnight Saturday through to midnight Sunday, 21 September 2008, and was observed by the military forces of the United States of America, the North Atlantic Treaty Organization, the Afghan Government and the Taliban, and
(iii) on Thursday, 18 September 2008, the Senate voted against a motion calling on the government to participate in the International Day of Peace ceasefire and encourage other nations to likewise; and

calls on the government to reconsider its support for UN initiatives such as the International Day of Peace.

Question put.

The Senate divided. [3.48 pm]

(The Deputy President—Senator the Hon. AB Ferguson)

Ayes………........... 6
Noes………........... 43
Majority………........... 37

AYES

Brown, B.J. 
Ludlam, S.
Siewert, R. *

NOES

Adams, J.
Bernardi, C.
Birmingham, S.
Boyce, S.
Bushby, D.C.
Cash, M.C.
Collins, J.
Cormann, M.H.P.
Eggleston, A.
Farrell, D.E.
Ferguson, A.B.
Ferravanti-Wells, C.
Fisher, M.J.
Furner, M.L.
Kroger, H.
Lundy, K.A.
McLucas, J.E.
Nash, F.
Polley, H.
Ryan, S.M.
Trosth, J.M.
Wortley, D.

* denotes teller

Question negatived.

TRAVESTON DAM

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.51 pm)—I ask leave for motion 206, calling on the Minister for the Environment to ensure that all prudent and feasible alternatives to a dam on the Mary River in Queensland are assessed, to be taken as a formal motion.

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (3.52 pm)—by leave—The proposal to construct a dam at Traveston Crossing on the Mary River in South-East Queensland is currently being assessed under the Environmental Protection and Biodiversity Conservation Act. The method of assessment is an environmental impact statement, an EIS, in accordance with the requirements of a bilateral agreement under the EPBC Act with the Queensland government. The terms of reference of the EIS include a requirement that the EIS discuss reasonable and practicable alternatives to the proposed dam, including a comparative description of the impacts of each alternative. The EIS was made available for public comment and a large number of submissions were received, many of which raised issues regarding potential alternatives to the Traveston Crossing dam. The
proponent’s response to those comments is contained in the supplementary report, which is now publicly available.

Both the public comments and the proponent’s response will be considered by the Queensland Coordinator General when finalising the assessment report. The report must be presented to the minister for his consideration. It goes without saying that the minister will make his decision on the proposed dam in strict accordance with the EPBC Act. In particular, he will consider all relevant matters, including the alternatives to the dam that were canvassed in the EIS, public comments on those alternatives and the proponent’s response to those comments.

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (3.53 pm)—by leave—I would like to state for the record in reflection on what Senator Ludwig said that we have not found the process of the EPBC Act open and accountable or able to be audited. It is a process that has been under question right from the word go. This is a peculiarity, in that on one of the most unsuitable sites for a dam in Queensland they are proposing the expenditure of multiple billions of dollars of what ultimately would be taxpayers’ revenue. The Snowy Mountains water commission says that it is one of the most unsuitable sites for a dam. There are huge problems with evaporation and huge problems with seepage. This will completely decimate the economy of the valley and also cause huge problems for the ecology of the river. This is something that Mr Garrett does have the potential to stop. I hope that Mr Garrett shows his true credential in how he acts on this, which is one of the most vital issues for this part of the coast.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.55 pm)—by leave—I appreciate Senator Joyce’s contribution. The motion that I will move calls for all feasible and prudent alternatives to be investigated. That would include, of course, the integrity of this proposal for a dam at Traveston Crossing. But the former environmental legislation required that in all cases like this the environmental assessment must include feasible and prudent alternatives. From what the government is saying here, it is leaving it to opponents to come up with those. That is simply not good enough. The proponent should have to come forward with prudent and feasible alternatives to the Traveston Dam on the Mary River. That includes those that avoid the quite disturbing and destructive components, including the destruction of the last great nurseries for the Australian lung fish, the Mary River cod and the Mary River turtle—not to speak of thousands of hectares of prime food-producing farmland which would be inundated by this unnecessary and unreasonable dam.

The question here is: is the Minister for the Environment, Heritage and the Arts, Mr Garrett, going to insist on those prudent and feasible alternatives being fully discussed and costed—social cost, environmental cost, economic cost included, and the cost to Indigenous interests—before he makes a decision? That is not the job of the opponents; that ought to be a job of the proponents, and that includes the Queensland government.

Senator IAN MACDONALD (Queensland) (3.57 pm)—by leave—This is an issue that has been of concern to the coalition for some time. I need only refer senators to the report of coalition senators—Senator Boswell, Senator Trood and I—when this was inquired into by the Senate committee set up for that purpose. Perhaps Senator Brown’s motion is not absolutely essential, but nevertheless the coalition will be supporting the motion because every bit of pressure that we can bring on Mr Garrett to assess this issue appropriately and in the interests of the environment deserves support.

The DEPUTY PRESIDENT—Is there any objection to this motion being taken as formal? There being no objection, I call Senator Brown.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (3.57 pm)—I move:

That the Senate calls on the Minister for the Environment, Heritage and Water (Mr Garrett) to ensure that the assessment of the proposed dam on the Mary River in Queensland include all prudent and feasible alternatives.

Question agreed to.

MINISTERIAL STATEMENTS

Googong Dam

Defence Procurement

Senator LUDWIG (Queensland—Minister for Human Services) (3.58 pm)—I present ministerial statements relating to Googong Dam and the release of an independent report of the Defence Procurement and Sustainment Review, together with the report entitled Going to the Next Level.

AUDITOR-GENERAL’S REPORTS

Report No. 3 of 2008-09

The PRESIDENT—In accordance with the provisions of the Auditor-General Act 1997, I present the following report of the Auditor-General: Report No. 3 of 2008-09: Performance Audit: establishment and management of the Communications Fund: Department of Broadband, Communications and the Digital Economy and the Department of Finance and Deregulation.
OFFSHORE PETROLEUM AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008
OFFSHORE PETROLEUM (ANNUAL FEES) AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008
OFFSHORE PETROLEUM (REGISTRATION FEES) AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008
OFFSHORE PETROLEUM (SAFETY LEVIES) AMENDMENT (GREENHOUSE GAS STORAGE) BILL 2008

Report of Economics Committee

Senator McEWEN (South Australia) (3.59 pm)—On behalf of the Chair of the Standing Committee on Economics, Senator Hurley, I present the report of the committee on the Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008 and related bills, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator MILNE (Tasmania) (4.00 pm)—I seek leave to move a motion in relation to the report.

Leave granted.

Senator MILNE—I move:

That the Senate take note of the report.

I want to comment briefly on this Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008. This is the legislation that provides a framework for pumping liquefied carbon dioxide into storages under the sea, obviously—it is the offshore petroleum bill. The main issue here and the critical issue to consider is the issue of liability. This is where the government and the industry are failing the community in coming out and telling us straight what is going to happen in terms of liability. It is very clear that carbon capture and storage is experimental technology. It is the same as landfill. It is the same as waste dumps. It means finding enough holes in the ground around the planet to pump liquid carbon dioxide into and hoping that it stays there permanently into the future.

You cannot guarantee permanence. Certainly you might be able to get some ideal geological structures in the first instance, but we are talking about huge volumes being needed to be piped very long distances in many cases, and as those storages which may have the perfect geological structures fill up they will go to riskier and riskier sites with a high likelihood that that carbon dioxide will start to leak. When that occurs, who is liable?

Under this legislation the government says that the minister may give a closure certificate so that the companies can walk away scot-free. That is clearly what the companies want to do. They know this technology is risky; that is why they want that liability passed on to the taxpayer and the community of Australia. I say that if they are so confident about their technology, so confident that it is so great, then let them accept the liability into the longer term. Why should the community? We have seen what happened with BHP at Ok Tedi. They walked away and left the community with the appalling result of their pollution over many years. Now we have exactly the same thing with carbon capture and storage. There is no guarantee of permanence, that this will not come to the surface, that this will not erode some of the structures that it is in, leak into groundwater and so on. The issue here is this: if the coal industry wants to maintain social legitimacy into the future it should pay for its own research, it should pay for the storage of its own waste because it is a waste dump that we are talking about. This is legislation to enable the setting up of numerous waste dumps under the sea around Australia’s coastline in order to give ongoing legitimacy to the coal industry.

What the Greens proposed in relation to this legislation is that it should be very explicit in saying that the liability rests 100 per cent with the companies concerned and, secondly, because companies may become deregistered, be taken over or change over time, that they should be required to put upfront a bond adequate to the price of making right, if you like, any rehabilitation works that might need to be done. Also, the community will have to buy back that carbon dioxide because as it leaks then we are likely to have deeper targets and we are going to have to buy offsets or do something else to make up for the loss of carbon dioxide from those storages under any kind of global arrangement. So why should the community accept liability? This is exactly what the nuclear industry tried to do for many years—to get the community to take on responsibility for nuclear waste so they could walk away scot-free. That is exactly what the coal industry now wants and it is clear that that is what the Minister for Resources and Energy, Mr Martin Ferguson, wants to do. He wants to hand over the liability to the people of Australia.

I am pleased that the committee recognised in its deliberations that this idea of shifting the liability onto the people of Australia and away from the coal industry was not a good idea. But it has not been explicit in what it is saying in terms of this liability issue. Let me tell you that the companies are unlikely to invest unless there is an explicit guarantee from government that the liability shifts to the taxpayer the minute the closure certificate is signed off by the minister. So they will take it to the courts to try to get a verdict on this before they move any further. Already we have had the government putting $500 million into a low-emissions technology fund, $75 million of which went to this so-called carbon capture and storage facility near Roma in Queensland. On the very day that the Prime Minister announced his $100 million each year for the next four
years for a carbon capture and storage research centre, a centre of excellence for the world, the Roma project fell over. After being allocated $75 million, having made a big splash about this as the way of the future, it fell over. It fell over in the wake of a huge proposal in the US which fell over. The one off the Western Australian coast has fallen over.

This is not an industry which has any confidence that this technology is going to work. It is simply the cover they need to keep on mining coal, burning coal and exporting coal. That is what all this is about and I do not see why taxpayers should bear the burden. We are in here this week debating pensions, public health, public hospitals and the whole lot, and every $100 million spent on the coal industry, when the coal industry has made mega-profits during the resources boom, is $100 million that we have not got for pensions, public hospitals and public health. I have yet to hear an argument mounted anywhere as to why, for an industry which has benefited so much from the resources boom, an industry which has made its profits for 100 years by polluting the atmosphere and delivering climate change to us, we should turn around and take on the long-term liability for that industry. It makes no sense and the Greens are not going to stand for the community being left with the bill, the mess and the worry when we can leapfrog that technology right now and move to renewables.

I think it interesting that that $500 million for the low-emissions fund, which is code for clean coal—$400 million now over the next four years for a research centre on the day it fell over in Queensland—was announced the week before the Prime Minister went to New York. Whatever else he said about his intentions at the UN, he has one main reason for being there and that is to stand up and tell the world that Australia wants to lead on climate change by leg-roping the planet to the coal and industrial age. The whole focus of his speech will be Australia wanting to be a global centre and running a global plan on coal, which is even more ambitious than former Prime Minister John Howard’s plan of AP6. That was his fabulous idea, which was the Asia-Pacific partnership for the advancement of coal and uranium sales.

Now the Prime Minister is heading off to the United Nations to announce that that is his intention in the lead-up to Poznan, where, in the UNFCCC talks, the people of Australia thought that Australia might be going to do something on climate change. Wrong. They are going to Poznan to try to come home with an announcement of a global coal pact to pour billions of public funds from right around the world into a fund to keep the coal producers of the planet happy—from South Africa to Poland, to the US, to Australia. If the Prime Minister wanted to take a leadership role, instead of legitimising trying to use holes in the ground and filling them up with liquefied carbon dioxide and starting our 21st century version of landfill, what we should be doing is taking to the UN a proposal that Australia leads the world in a global push for renewable energy. That would be global leadership with some sort of vision, instead of saying that Australia wants to cover itself and needs to keep going with its coal exports. It has become totally dependent on coal and therefore we want some cover, and other people around the planet can pay for our polluting ways.

That is what this strategy is about and I think it is incumbent on the government in this legislation to make an explicit statement saying: ‘We will not accept liability. All liability is with the coal companies and those who wish to exploit a waste dump strategy for liquid carbon dioxide. And all costs of infrastructure, all costs of pipes and all cost of research: over to the coal industry—you like it; you have got confidence in it; you pay for it.’ That is what I say to the coal industry. I seek leave to continue my remarks.

Leave granted; debate adjourned.

COMMITTEES
Public Works Committee Report

Senator WILLIAMS (New South Wales) (4.10 pm)—On behalf of Senator Troeth, a member of the Parliamentary Standing Committee on Public Works, I present report no. 7 of 2008, Update report: the Christmas Island Immigration Detention Centre project, and seek leave to move a motion in relation to the report.

Leave granted.

Senator WILLIAMS—I move:

That the Senate take note of the report.

I seek leave to have the tabling statement incorporated in Hansard.

Leave granted.

The statement read as follows—

This report presents the Committee’s views on the planning and construction of the Christmas Island Detention Centre by the Department Finance and Deregulation. The Committee of the 40th Parliament reported on the original proposal for the Centre in December 2003. At that time, the total cost of the proposal was estimated at $276.2 million.

In January 2008 Finance advised the Committee of a cost increase for the project of $120 million. This brought the total value of the project to $396 million which is about a 43% increase. Finance briefed the Committee on the reasons for the cost increase at a public hearing on 26 June 2008.

There have been some positive lessons for project planners to emerge as a result of the cost overruns. The current two stage approval process for public works provides greater cost certainty for project proposals. But overall, the Committee was not satisfied by the Finance’s justifications for the cost overruns.
The key factors cited such as the breakdown of the port crane, the isolation of the location, the high transport costs, competition with the booming mining sector and project design expenses, should have been foreseen. The Committee was also concerned with other cost overruns such as the budget for sundry fees, design and project management. The Committee considers that it was presented with a poorly costed plan in 2003 which was then inadequately managed.

Finance asserted that the project did include adequate planning for risks associated with the crane. However, the Committee is unable to agree with that assertion in the absence of clear evidence of an appropriate risk assessment process. This highlights the need for the Committee to be provided with rigorous risk assessment documentation as part of the inquiry process.

The Committee has also expressed its concerns about the project to the Auditor-General, whose agency, the Australian National Audit Office, is currently undertaking an audit of the project.

I would like to thank the Committee for its work in relation to the review of the Christmas Island Detention Centre project. I commend the report to the Senate.

Senator MARK BISHOP (Western Australia) (4.11 pm)—Thank you, Madam Acting President Troeth, and a fine deputy chair of that committee you are. I want to take the opportunity to make a few comments on the Update report: the Christmas Island Immigration Detention Centre project. I would like to draw attention to why it was necessary for the committee to provide an updated report—the committee, of course, being the Public Works Committee.

Briefly, this project was commissioned by the previous government. In 2001 a temporary facility was erected on Christmas Island to detain boat people. It soon proved to be inadequate for that purpose. In 2002 the then government announced its intention to build an immigration reception and processing centre. That centre would accommodate up to 1,200 people. In its 2003 submission to the committee the project was costed at some $276.2 million. However, we now know that the final cost was some $396 million—a blow-out of a massive $120 million. The committee report details a lack of preparation, a lack of planning, a lack of follow-up by the departments of transport and finance and a lack of adequate explanation for the cost blow-outs.

Details have been sketchy because of that hoary old chestnut ‘commercial-in-confidence’. For example, the committee was concerned about the lack of disclosure even on a confidential basis of information relating to settlement of claims with the former contractors. The department of finance have admitted that the original submission did not even have a concept design, and I would like to quote from the evidence. The submission said:

We just had a very broad brush view of what we were seeking to deliver.

What we do know is that, of the additional $120 million required to complete the project, $60 million can be attributed to an issue with a crane—and more on that issue later on; design costs increased from $8.9 million to $15.5 million; project management costs increased from $2.8 million to $6.5 million; and sundry fees and costs increased from half a million dollars to $5 million. Many of the risks contributing to cost increases with this project were of course foreseeable. However, poor planning and non-existent risk assessment resulted in significant project delays and cost overruns.

As we know, Christmas Island is situated some 1,500 kilometres from the west coast of Australia in the Indian Ocean. It is subject to monsoonal weather patterns including regular cyclones. This means that during the swell season shipping is delayed for approximately four months. As a consequence, all materials for the project had to be shipped in. Therefore, delays caused by established weather patterns were predictable.

The geography of the island itself imposes further constraints. Ships cannot pull up directly to the wharf. Goods must be offloaded from a ship and transferred to a barge. In consequence, the port crane was essential infrastructure for this huge project. However, there was no utility assessment of the crane undertaken by either the Commonwealth or the main works contractor before the contract was signed off. The crane developed a series of problems, including significant cracks in its base, and the result was a six-month delay to the project. The crane is owned by the Commonwealth, and responsibility for the crane belongs with the Department of Infrastructure, Transport, Regional Development and Local Government. As a key element in the project—an absolutely critical piece of infrastructure—it should have been thoroughly checked and assessed before the project commenced.

Another risk cited by the department of finance was the competition for resources and materials generated by the current booming mining sector in Western Australia. The department of finance indicated that this played a significant role in the increase in design costs, as in excess of 5,000 drawings had to be produced for the project. The delays resulted in claims from the main works contractor, and these claims were settled to the satisfaction of Finance. The committee, however, is not satisfied, because the compensation settlement between the parties is now well beyond public scrutiny. The finance department told the committee that, as a result of the lessons learned from the Christmas Island project, new processes had been put in place to prevent such project failures in the future. This, of course, does not excuse the lack of foresight on this particular project, nor does it explain why, government approval having been received for the final cost increases in Au-
gust 2006, there was a six-month delay in reporting such to the Public Works Committee. That occurred on 10 January 2008.

So what do we have? In summary, we have a project demanded by the previous government, motivated by political reasons. We have a set of constraints due to location, remoteness, weather patterns and isolation. We have two major departments responsible either for the construction involved in the project or, in the case of Finance, for the oversighting of the huge cost blowouts, budget overruns and time delays. We have a Commonwealth department at no stage having sufficient nous to do a risk analysis or inspection of the most critical piece of infrastructure used on the project. As a result of this incompetence, sheer negligence, lack of planning and poor oversight, the Commonwealth—or, really, taxpayers—are stuck with a bill for an extra $120 million.

Then, to add insult to injury, we have a key Commonwealth department, the department of finance, either participating in or approving commercial-in-confidence clauses totalling tens of millions of dollars being paid to the relevant construction companies. There was no care, no oversight, no responsibility and no explanation by a key Commonwealth department, the department of finance, whose primary function is the oversight of Commonwealth spending. In this project, the taxpayer was failed from beginning to end. The department is supposed to catch the sinner, not to be the lead sinner. Finance regularly advises other departments as to the protocols, guidelines and codes of practice for the raising and spending of Commonwealth funds. This project was a financial disgrace from beginning to end, and I know that the new minister will start to insist on some financial discipline within his own department. In that way, going into the future, hundreds of millions of dollars, we hope, will not be wasted on similarly difficult projects. Finally, it would be very useful to have the ANAO report on this project come down in due course so that some relevant practices might be established and imposed on the Department of Finance and Deregulation in its oversight role on projects into the future.

Question agreed to.

COMMITTEES

Membership

The ACTING DEPUTY PRESIDENT (Senator Troeth)—The President has received a letter from a party leader seeking variations to the memberships of committees.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (4.19 pm)—by leave—I will speak quietly so as not to disturb Senator Brandis. I move:

That senators be discharged from and appointed to committees as follows:

- Foreign Affairs, Defence and Trade—Joint Standing Committee—
  Discharged—Senator Cormann
  Appointed—Senator Johnston
- Selection of Bills—Standing Committee—
  Discharged—Senator Ellison
  Appointed—Senator Coonan.

Question agreed to.

SAFE WORK AUSTRALIA BILL 2008
SAFE WORK AUSTRALIA (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2008

First Reading

Bills received from the House of Representatives.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (4.20 pm)—I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

Bills read a first time.

Second Reading

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (4.21 pm)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in Hansard.

Leave granted.

The speeches read as follows—

SAFE WORK AUSTRALIA BILL 2008

I am pleased to introduce a bill to establish Safe Work Australia as an independent national body whose role will be to improve occupational health and safety outcomes and workers’ compensation arrangements across Australia.

The Government has set itself the task of creating a seamless national economy unhampered by unnecessary state duplications, overlaps and differences. Occupational health and safety is a prime candidate for this sort of reform. More than 300 Australians are killed each year at work. Many more die as a result of work-related disease. Each year over 140 000 Australians are seriously injured at work. The cost to our economy has been estimated at $34 billion per year. The cost to those injured and to their families, workmates and friends is inestimable.

Our health, safety and compensation systems are in a sorry state - unnecessarily complex and costly. Inconsistencies between jurisdictions mean that some workers are at risk of poorer safety standards than their counterparts in other states. At the same time, these inconsistencies increase the complexity, paperwork and costs for the 39 000 Australian businesses that operate across state boundaries.
The establishment of Safe Work Australia is an essential part of the Government’s strategy to improve safety outcomes and workers’ compensation arrangements across Australia. Since coming to office we have:

- Undertaken a review of the Comcare scheme
- Set up an independent panel of experts to conduct a national OHS review, and
- Developed a landmark intergovernmental agreement with our state and territory counterparts to harmonise occupational health and safety legislation nationally.

This bill, together with the intergovernmental agreement, ushers in a new era of cooperation and collaboration between the Commonwealth and the States and Territories in this important area: a collaboration which will improve the health and safety of workers across Australia and reduce the complexity of regulation for businesses.

Safe Work Australia will replace the Australian Safety and Compensation Council, established by the Howard Government as an advisory council whose functions were confined to coordinating, monitoring and promoting national efforts on health and safety and workers’ compensation.

This bill establishes Safe Work Australia as an independent reform-focused body, with the power to make recommendations directly to the Workplace Relations Ministers’ Council (WRMC).

As we promised in the lead up to the election, Safe Work Australia will be an inclusive, tripartite body. It will be comprised of 15 members, including an independent Chair, nine members representing the Commonwealth and each State and Territory, two members representing the interests of employers and the CEO. The members will be supported by the CEO and staff who together, will form a statutory agency under the Public Service Act. The body will be subject to Commonwealth governance regimes and will be a prescribed agency under the Financial Management and Accountability Act.

Safe Work Australia will:

- develop national policy relating to OHS and workers’ compensation
- prepare, monitor and revise model OHS legislation and model codes of practice
- develop a compliance and enforcement policy to ensure nationally consistent regulatory approaches across all jurisdictions
- develop proposals relating to the harmonisation of workers’ compensation arrangements
- collect, analyse and publish OHS and workers’ compensation data and undertake and publish research
- drive national communications strategies to raise awareness of health and safety at work
- further develop the National OHS Strategy 2002-2012, and
- advise WRMC on OHS and workers’ compensation matters.

The bill establishes the operational arrangements to support Safe Work Australia, including provisions relating to the nomination, appointment and terms and conditions of members, conflict of interest issues, procedures relating to the conduct of meetings and decision making processes, and the development of plans and reporting requirements to WRMC. It enables the Chair to constitute committees to draw upon a wide range of expertise for the performance of its functions.

Safe Work Australia will play a pivotal role in realising the Government’s commitment and the commitment of all State and Territory governments to work together to achieve harmonisation of OHS laws. It will have the important task of developing the model OHS Act, model regulations and model codes of practice for approval by Workplace Relations Ministers.

I have established an independent occupational health and safety review panel to advise WRMC on the optimal structure and content of a model OHS Act. The work of the panel is now well underway. The panel is currently examining public submissions and will present its first report to WRMC on 31 October, with the second report due at the end of January 2009.

For the first time in the history of our federation, governments from each State and Territory and the Commonwealth have formally committed to the harmonisation of occupational health and safety legislation through an Intergovernmental Agreement.

The Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety commits the Commonwealth and all States and Territories to the adoption of the approved model legislation and, in a demonstration of the new spirit of cooperation, the agreement also provides that Safe Work Australia will be jointly funded by the Commonwealth and the States and Territories.

Safe Work Australia will also take forward the initiatives of the Commonwealth and the states and territories to streamline and harmonise workers’ compensation arrangements.

Occupational health and safety and workers’ compensation are too important to be neglected any longer. Worker’s lives and health are at stake, and so too is the efficiency of our economy. Occupational health and safety and workers’ compensation reform will increase profitability and productivity and better protect the lives and health of Australians. Safe Work Australia will play a pivotal role in this reform.

SAFE WORK AUSTRALIA (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2008

The bill will repeal the Australian Workplace Safety Standards Act 2005. This will abolish the current framework provided by that Act for the declaration of occupational health and safety national standards and codes of practice by the Australian Safety and Compensation Council (the ASCC). However, the bill will preserve existing national standards and codes of practice. The bill will also enable Safe Work Australia to declare national standards and codes of practice relating to OHS on an interim basis until 1 January 2011, unless regulations prescribe an earlier or later date.

It is anticipated that, over time, national standards and codes of practice will be replaced by model regulations and model codes of practice that will be approved by the Workplace Relations Ministers’ Council.

The bill will also provide for a number of other consequential amendments arising from the repeal of the Australian
the translation underpinning carbon sink forests, together with Rural and Regional Affairs and Transport on the presentation of the report of the Senate Standing Committee on taxation incentives for the establishment of carbon sink departments and agencies.

On 26 June 2008, the Senate referred the implementation, operation and administration of the legislation underpinning carbon sink forests, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator STERLE (Western Australia) (4.22 pm)—I present the report of the Senate Standing Committee on Rural and Regional Affairs and Transport on the implementation, operation and administration of the legislation underpinning carbon sink forests, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator STERLE—by leave—I move:

That the Senate take note of the report.

On 26 June 2008, the Senate referred the implementation, operation and administration of the legislation underpinning carbon sink forests and any related matters to the Senate Standing Committee on Rural and Regional Affairs and Transport. The committee called for submissions and, based on these, held three public hearings—in Canberra on 27 July 2008, in Brisbane on 18 August 2008 and in Canberra again on 11 September 2008. In all, 60 written submissions were received by the committee. They were made by individuals and representatives from industry organisations, horticultural and grower groups, peak bodies and government departments and agencies.

A number of broad issues relating to the impact of taxation incentives for the establishment of carbon sink forests were examined during the committee’s consideration of this legislation. These included the impact on prime agricultural land, the impact on rural communities and industries, enforceability of carbon sequestration property rights over consecutive landowners, the permanency of new plantings, the requirement that plantings be contiguous, incentives for biodiverse planting, the potential for undesirable taxation outcomes, the need for the tax incentives, managed investment schemes and recognition of other forms of carbon stores.

The committee questioned the extent to which prime agricultural land will be threatened by the establishment of carbon sink forests and also notes that carbon sink forests do not appear to be activities that offer high returns over a short period of time. The committee notes the concerns expressed in relation to carbon sink projects in rural communities and industries. It also recognises that the development of carbon sinks will provide benefits to many rural communities, including investments and job opportunities. The committee notes that, if the relative returns from land given over to carbon sink forests are relatively low, as has been suggested in evidence, the disruption to rural communities will be minimised.

Concerns were expressed in relation to the permanency of the new plantations and whether the carbon is sequestered permanently and also that the proposed arrangements would not allow a landholder to make a claim on the capital expenditure on non-contiguous plantings. The committee also raised concerns that the legislation does not require that plantations be biodiverse, as opposed to single-species forests. Some submissions also argued that there is a lack of incentives for environmental planting.

The committee notes that the guidelines reinforce that carbon sink forests are to be established in a manner that is consistent with existing good practice frameworks for environmental and natural resource management. The committee also notes that, while the tax deduction is for the primary purpose of carbon sequestration, this does not prevent the taxpayer from having a secondary purpose in planting of trees, such as improving the biodiversity of the property in question. The committee raised the issue of why it was necessary to provide tax deductions, given that the government has included plantation establishments under the Carbon Pollution Reduction Scheme.

A number of submissions drew upon the negative impact of managed investment schemes, or MISs, in diverting significant areas of agricultural land into forestry, arguing that similar impacts may occur under the tax concessions for carbon sink forests. The Treefarm Investment Managers Association, however, refuted these assertions, noting that MIS forestry is specifically excluded from the scope of the legislation. The committee notes that, under the legislation, in order to claim a tax deduction for costs associated with establishing a carbon sink forest, taxpayers must meet certain conditions, including that they did not incur the expenditure under an MIS or a forestry managed investment scheme.

The committee notes that soil carbon is not currently recognised in the Kyoto protocol arrangements for carbon sinks. However, the committee notes that soil carbon may be recognised in future treaties. Therefore, improving soil carbon through the establishment of

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perennial pasture is a no regrets policy, particularly given its potential to improve soil productivity in the face of climate change and more extreme drought. The adoption of such management practices now will improve Australia’s readiness for future agreements.

I take this opportunity to thank all those who participated in this inquiry and made submissions and presentations to the committee and of course the very hardworking staff of the secretariat. In conclusion, Madam Acting Deputy President Troeth, in approximately four days time—I being a mad Geelong supporter and you a very keen Hawthorn supporter—one of us is going to be in tears, and I really hope it is not me.

The ACTING DEPUTY PRESIDENT (Senator Troeth)—Thank you for warning me in advance; however, I hope the reverse is true.

Senator MILNE (Tasmania) (4.27 pm)—I rise today to take note of the report of the Standing Committee on Rural and Regional Affairs and Transport on carbon sink forests. I say at the outset that the rural and regional affairs and transport committee works very hard to get consensus reports and tries to address matters on the merits of the argument. We try not to engage issues along party political lines and have been pretty successful in upholding the concerns of rural and regional Australia in the best way we can within that context. So I am extremely disappointed that we have had to move dissent from this report. I note that the dissenting report comes from the Australian Greens, the National Party and the Liberal Party of Australia. I think that says something about the extent of dissent there is about this.

Nobody would doubt my commitment to reducing greenhouse gas emissions and to getting Australia on the right track in dealing with climate change. If I seriously believed this carbon sink forest legislation was going to do anything to reduce greenhouse gas emissions in a reasonable way, I certainly would be supporting it, but this legislation is a disaster. It was thought up by the tax department and came into the parliament purely because of former Treasurer Costello, who wanted to introduce a tax break for people planting trees to keep them as carbon stores to match the tax break for people to put in trees to cut them down under the MIS schemes. So this is just an MIS scheme by another name. Its implementation is meant to be governed by environmental guidelines, but of course those guidelines are so weak you could drive a truck through them.

The issue we have before us is the loss of prime agricultural land around Australia, as it will be swallowed up by plantations. It seems that nobody is particularly concerned about food security, but I can tell you that this committee and the dissenting senators are very concerned about food security and ask the question: where will the food come from in the future? The only joy that the government could give us on reasoning why prime agricultural land would not go to these tree plantations was to say, ‘It will depend on the price of carbon, and the price of carbon is going to be so low there will be no competition and therefore food will be grown.’ So I asked that, if that were the case, why were MISs so successful. I will be seeking leave at the end of my presentation to table a report on a case study in Tasmania, called The Preolenna and Meunna story: where will the food come from? All that is left of that rural community is a plaque, which says:


There is nothing left but this plaque. In fact, the Australian Council of National Trusts put it on their endangered place list in 2000 because of the genuine threat rampant plantation establishment was having on the culturally significant rural landscape. At this point, for the benefit of the Senate, I seek leave to table the report, The Preolenna and Meunna story: where will the food come from?

Leave granted.

Senator MILNE—The point I make here is that this legislation will not prevent prime agricultural land being planted as carbon sinks displacing food crops. I have zero confidence in ABARE’s predictions of what the carbon price will do. Furthermore, it will lead to the perverse outcome of clearance of native vegetation, particularly the brigalow and the savannas across northern Australia, and that will be a disaster for carbon. So anyone who tries to tell me that this is about carbon is getting it completely wrong, because the perverse incentive will be there to convert native vegetation to plantations. The fact is that the best land with the best rainfall grows the best trees, so why wouldn’t you put it on prime agricultural land if you were intent on going out there and maximising your profits from carbon? As I indicated, there will be an incentive to clear the native vegetation, because it operates under the Kyoto rules, and under the Kyoto rules the savanna and the brigalow do not constitute forests being on the land at 1990.

There is no requirement for hydrological studies to be done in any catchment where you are going to plant these carbon sink forests. What we know from the MIS is that they have destroyed water flows in many creeks and rivers around Australia, and we still do not have proper interception legislation. So here we have a government going out and giving a tax deduction to plant yet more plantations in catchments without hydrological analysis and without interception requirements, and
that can only be a horror for rural and regional Australia. Look at what has happened to the Murray-Darling. Apparently we have learnt nothing—saying that this will somehow be governed by the National Water Initiative, which the states have to comply with and have in place something by 2011. Thousands of hectares will be planted by 2011 and it will all be too late at that time.

The Department of Climate Change, we are assured, is going to check to make certain that carbon sink forests will meet natural resource guidelines and not interfere with existing patterns of water use. I say: how are they going to do that? How are they going to check compliance with any of this? Of course they cannot. They are just saying that it is a guideline, that it is flexible, that it is not mandatory and that it has to comply with state legislation. But, if there is no state legislation, then you are deemed to have complied by virtue of the fact that there is no regulation to comply with. That is certainly the case in Tasmania and in the Northern Territory, both of which have extremely weak land clearance controls and legislation. I do not think that there is any proof at all that this legislation represents a valuable policy addition that will promote greenhouse gas reductions. As I said, it is likely to lead to greater emissions from conversion of native vegetation but also it makes no claims about the volume of CO2 that is suggested will be sequestered or the hectares that are due to be planted.

So there is nothing to say that the government’s plan is that there will be X hectares or X volume of carbon. There is nothing like that. It is just purely a tax bill. They thought it up as a tax bill under pressure from the MISists and the forest industry wanting the same tax breaks for trees to stay as trees to go. Treasury thought it was a good idea; Environment was consulted as an afterthought. Even the biodiversity unit of the environment department was not consulted, so all these claims about the benefits that it is going to bring simply are not there. There are questions such as: why can’t you make it biodiverse plantings? Why can’t you require it to be in the ground for 100 years? Why can’t it be registered on the title? There is no permanence, even, with this proposal. You do not even have to put on the title of a property that there has been a tax deduction made for an area of carbon sink forests which cannot be cut down. There should be a covenant on the title. It is easy to do and it should be there. That is what we are saying in the dissenting report from the Liberals, the Nationals and the Greens. We are saying that the guidelines should be mandatory regulations and that these regulations should be in place and adhered to—namely, that no native vegetation can be cleared for or converted to carbon sink forests; that carbon sink forests should be biodiverse and cannot be harvested or cleared; that no carbon sink forests can be established in the absence of a hydrological analysis, including groundwater and interception in the area proposed to be planted; and that, finally, to avoid the destruction of rural communities and the displacement of food crops, prime agricultural land must be excluded from carbon sink plantings.

I think that it is more than reasonable that we get mandatory regulations to give us that effect. If we do not, we will have MIS on steroids, and the fate of the community of Meuna and Precolonna in Tasmania—and we heard evidence from Queensland, from the Tully sugar communities, and from dairy communities elsewhere—will be the case right across Australia. That area in north-west Tasmania, which was an important rural community—in fact it was the birthplace of the rural youth movement—is now under a sea of plantations. There is nothing left. There is no infrastructure left except a plaque in the middle of plantation forests saying that it was once a rural community and that it was the site of the youth club and the hall in that community. That is the reality of MISists. It was a bad policy then, it is a bad policy now, and compounding it with this makes it even worse. I give notice that I intend to move for the disallowance of the regulations so that we can have these matters attended to, because they are critical for the sustainability of rural communities and the environment. (Time expired)

Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (4.37 pm)—It is an interesting day when people such as Senator McGauran, Senator Heffernan, Senator Boswell, Senator Nash, Senator Williams, Senator Milne and Senator Bob Brown start agreeing on something. There was an agreement today that this legislation, as it stands, and more importantly the regulatory guidelines, as they stand, are a very bad outcome. I want to concentrate on one area—that is, the effect on regional communities. What these regulations allow, as they stand, is for the wholesale change of the economic conditions of certain regional towns and communities to be foisted on them by reason of a tax break given by the government. Let us start with market principles. If you believe that these forests should follow market principles then why give them an advantage? Why give this carbon sink an advantage which the cane farmer, the horticulturalist or the cattle grazier do not get? Why do we concentrate on this form of outcome?

We have to look at the ramifications of this, to show the Australian people a clear example. In an area such as Tully or one of the other areas where there are sugar mills, the sugar mills require a certain quantity of cane to turn up to them for the mill to remain viable. When you start giving an impetus for the cane land to be removed and turned into so-called ‘carbon sinks’, then the mills will go below critical capacity. They need a certain tonnage. Once a mill goes below a certain tonnage, the whole mill has to be closed down. Once the
mill is closed down, that means not half the people lose their job; it means everybody loses their job and the houses surrounding the mill are affected. It means you lose the doctor and the nurse and the whole structure of the community starts to be affected because of the undue impost created by a piece of government legislation.

The other day, I was at Bundaberg talking to some very successful horticulturalists at their diamond jubilee. These people buy and sell on the world stage. They are very astute business people and they find this anachronistic. They have had problems with similar areas where there has been an overproduction of avocados and other fruits by MIs, fruit which has come into their market and caused all sorts of turmoil. There is one thing that is worse than that and that is the production of trees for no real purpose whatsoever. People might say, ‘It’s to sequester carbon.’ If we want to be completely honest, we have found out through such people as Dr Christine Jones that we will sequester more carbon through summer perennial grasses than through dry sclerophyll forests. This evidence was delivered to the Senate inquiry. Dr Christine Jones is not a fool. She is at the top of her field. She is saying that summer perennial grasses with deep root systems—such as Flinders grass, buffel grass or cane—have the capacity to put into the ground far more carbon because 90 per cent of the vegetable matter is below the ground and 10 per cent above, as opposed to dry sclerophyll forests, where 90 per cent is above the ground and 10 per cent is below. If your object is to put carbon back into the ground, grasses will do a far better job than carbon sink forests.

So on a scientific premise, this legislation is also flawed or not encompassing for the outcome you wish to achieve. We have a whole range of premises coming on board here. Why are we so specific when we talk about carbon sink forests? Where did the word ‘forests’ come from? Why are we being so specific? If there is a potential income stream, as there will be from the sequestration of carbon by the sale of carbon credits, that means it is there for potential future revenue, so let it stand alone. If people want to put carbon sink forests in and collect an income stream, let them do it, but why should the government be giving an upfront capital expenditure deduction which the farmer over the next fence cannot get? These are the sorts of things which not only cause dysfunctionality in the economy—because of the undue concentration and impetus on a certain outcome that is not given to another, which does not reflect the economic dynamics of the area—but also cause a great sense of aggravation between people as they feel isolated from a certain process.

A lot of discussion has been going on since this issue was initially raised by such people as Senator Hefernan, Senator Boswell, Senator Nash and Senator Milne. We are calling on the government to have another think about this, to put their obstinacy behind them and look at the recommendations of changing the guidelines. If you want to go forward with what I think is a pretty ridiculous piece of legislation, so be it, but for goodness sake do it in such a way that we do not create this unreasonable outcome. If we do not preclude prime agricultural land, that is where it will go. The name of the game will be to have an auditable amount of carbon, which is obviously auditable from what you can see, as fast as you can possibly get it there. So you would be looking at areas with high rainfall and great soil types with the propensity to grow a heavy-forming timber. What becomes peculiar about this idea is that no-one has any intention of ever harvesting the timber. So you are not supporting a future timber mill. You are just supporting the demise of the area. These are the sorts of things which bring the issue together.

We look forward to the government, in all reasonableness, going forward over the next period of time. I hear Senator Milne is moving the disallowance. I imagine we have a period of time of 10 to 15 parliamentary sitting days—that will take us out to the end of November, early December. We want them to show that they have the capacity to respect the Senate on this one, to go away and say, ‘We are really in, on this issue, for a flogging to nothing, so why don’t we just do the reasonable thing and start amending some of these guidelines.’ It is the Labor Party that have always had the mantra ‘respect for the Senate’, even though we know that if any of them ever break ranks in the Labor Party, they are immediately expelled. But then they say that it refers to them as a group. I put it back to them as a group, and I think I might have some of the Independents, who are also going to support us on this. So it is looking like you are there, as a group and all by yourself on this one, to read the tea leaves and to respect the process of this chamber and to say: ‘Let’s look at these guidelines. They are causing problems. We do have the capacity to fix them.’ Then they can go forward and make some structured decisions that look at such things as whether there has been a history of a commercially successful crop grown on the area. If there is a history of a commercially successful crop, look at the wider socioeconomic dynamics of the income stream of the area and accept that there are other people this affects apart from the people whose land it is on. It is in the whole community where this area derives from that this has to be dealt with.

If they are honest, if they truly respect the Senate, then they will go back and they will start to write some changes down and say, ‘Look, we’ve got something here for you, have a look at this,’ and we will see what we can do. But at this point in time all we have is this objectionable obstinacy: ‘We’re not going to change because we are the Labor Party and we refuse to listen
to people and this is all about the Labor Party showing everybody how big our muscles are on this one.' There is something that can be done. There are other issues that I note Senator Heffernan has brought up, and I am sure he will speak to them and I am sure Senator Nash and Senator Boswell will speak to them as well. But my appeal is really one of a collegiate sense of bipartisanship: please look at these regulations that you have put forward, think of the impacts on regional towns and change them.

Senator NASH (New South Wales) (4.47 pm)—I rise to make a few remarks on the Senate Standing Committee on Rural and Regional Affairs and Transport Implementation, operation and administration of the legislation underpinning carbon sink forests report. It is a bit of a mouthful, but it is a very significant report. To start with, I want to echo Senator Milne’s comments that she made at the outset. This committee does, by and large, act as a bipartisan committee. We work very hard on the committee to make sure that we work to achieve the best outcomes that we can collectively for rural and regional communities—but, unfortunately, not on this issue. On many occasions we have spent time trying to see if we could find a common position, but with this one it was completely impossible due to the nature of the report. There were so many areas that we disagreed with—the Greens, the Nats, Senator Heffernan—that it was impossible to come to a collective viewpoint and, hence, we see the dissenting report.

The impact of this legislation is potentially highly significant for rural and regional communities. This legislation is under the cover of regulatory guidelines that you could drive a truck through. They are loose, there is nothing specific at all about them that would give us any comfort in believing that the issues that we have will be addressed—certainly that issue of prime land. Using prime agricultural land for carbon sink forests—we do not have an issue with that. What we have the issue with is having specific legislation that is providing a tax deduction to put those carbon forests on that prime agricultural land. One of the issues surrounding this, and which we are discussing at length these days—not just in this country but around the world—is that of food security. Our government, and governments around the world, need to be extremely careful about the policy decisions that we make that are going to impact on food security, and my good colleague Senator Heffernan is continually referring to the increase in the world’s population and the pressure that is going to be placed on the provision of food to people right around the world. We cannot underestimate how important this is, that the government gets it right.

As my colleague Senator Joyce said, we are appealing to the government to be sensible and practical and open-minded about reviewing how they have written the guidelines for this piece of legislation. It is not incredibly onerous on them to make the changes we are suggesting. What they will provide is good outcomes for regional communities. The report says:

The committee further notes that carbon sink forests do not appear to be activities that offer high returns over a short period of time. The committee therefore believes that it is unlikely that the availability of a tax deduction for a limited range of expenses would be sufficient incentive to cause the large scale planting of these forests.

It is ‘unlikely’. We cannot give any certainty with the guidelines at the moment that we will not see carbon forests appear on prime agricultural land. So what we are saying is we need to exclude that land. It is quite appropriate that they may be placed on marginal land, but not prime agricultural land that should be used for the purposes of food security and for the provision of food—not only to this nation but right around the world.

I would also like to raise the issue that there is no requirement that a hydrological study, including interception, be taken. This very same committee is doing a lot of work at the moment on water and the Murray-Darling Basin—the impact of the lack of water right throughout the basin and the causes and effects of that lack of water. What we see here is absolutely no requirement for a hydrological report to be done. There is no requirement to study the effects and the impacts of the planting of those forests on the water and on the environment. There is compliance with the NWI that water plans need to be in place by 2011. We had evidence from witnesses that, even if we get to that point, which may well be after plantings have been done, there are virtually no penalties that could be put in place. We are appealing to the government to consider what we are putting forward. We have a very collective view on this. These are very serious matters that need to be addressed, and the government should certainly be considering these with an open mind and doing the right thing by rural and regional communities.

Senator BOSWELL (Queensland) (4.53 pm)—I have no time now, so I seek leave to continue my remarks later.

Leave granted; debate adjourned.
vehicles that are described as just be the exemption of the eight per cent; it will be whilst on the run. This amendment, as I understand it, will completely remove the luxury car tax. It will not there was any doubt that the Labor Party and the to the amount of fuel that is actually used. What carbon dioxide emissions than petrol and diesel. How- as the result of a motor vehicle in, say, February of this year with a nine- or 10-month delivery time, which is not unusual, all of a sudden getting a tax

First of all remember that there are lots of cars under that threshold of $57,180 and above the $75,000 cut-off point which are fuel-efficient vehicles. What are the tax benefits for them? Nil, zero, zilch—nothing at all. So somehow the environment is going to be saved by providing some sort of exemption in this very narrow price bracket. Undoubtedly, global warming will stop and everything will be—

Senator Boswell—Polar bears will be saved!

Senator ABETZ—Good. Senator Boswell interjects, ‘Polar bears will be saved,’ and that even gets Senator Conroy to smile, which is a pleasant change. So well done on that, Senator Boswell. But more seriously, this is once again classic Mr Rudd: all symbolism and no real substance. How many cars is it going to impact? On current sales figures, 1,500 motor vehicles in a climate where we are now selling about one million motor vehicles per year. That is going to have a huge impact on the environment, isn’t it? What a great piece of work this is! But of course that is what happens when Labor and the Greens cobble these things together. Nobody could argue that this is going to have a serious impact on climate change. It is nothing but window-dressing.

I would like to ask the minister: how does this fit in with a Carbon Pollution Reduction Scheme? Are these amendments consistent and are they the least costly way to reduce the emissions? You see, fuel economy is not a good measure of environmental impact. Diesel powered motor vehicles—and this is going to clearly benefit imported, luxury motor vehicles at the expense of the Australian car industry—have higher carbon dioxide emissions than petrol and LPG at the same fuel economy. So a petrol engine with fuel consumption of seven litres per 100 kilometres produces 166 grams of carbon dioxide, and a diesel engine produces 184 grams of carbon dioxide. That is around 10 per cent higher. The fact that it is 10 per cent higher is okay, according to the government and the Greens. But, you see, your seven litres per 100 kilometres for diesel, if you are consistent, should be translating in rough terms to 7.7 litres for a petrol engine. ‘No, we haven’t done the research. We haven’t done the homework. We don’t bother about these things.’ Because Mr Rudd is into symbolism. That is all—symbolism. And that is all that the Greens are in fact going to get.

Then we have LPG vehicles that have even lower carbon dioxide emissions than petrol and diesel. However, they tend to use a bit more fuel. So, really, if it were going to be an LPG vehicle, you could get potentially a better environmental outcome from a vehicle that uses eight to nine litres per 100 kilometres.

If you are concerned about environmental damage, I would suggest that you would be doing it on the basis of emissions coming out of the tailpipe and not in relation to the amount of fuel that is actually used. What this is going to do is support the diesel engines against petrol and LPG engines, which of course might be better for the environment. But what is more, this is a very old-fashioned way of going about things because there is now a Euro 5 standard. These engines are considered the most environmentally advanced engines and are required to achieve extremely low levels of emissions of gases, including nitrous oxide, carbon monoxide and particulate matter. But these amendments will not exempt those engines known as the Euro 5 standard. So how old-fashioned and behind the times is this? Once again, it was cobbled together on the run. And of course there are no hybrids included in this list either.

Then we look at what else this legislation is going to do. As I understand the amendments, this will exempt a motor vehicle within the price bracket of $57,180 to $75,000 that was ordered even before the budget announcement—ordered before this amendment was cobbled together. So we have got the prospect of somebody, having ordered a motor vehicle in, say, February of this year with a nine- or 10-month delivery time, which is not unusual, all of a sudden getting a tax
windfall of no longer having to pay luxury car tax when it arrived after 1 July. They will get it all back. But if perchance the vehicle was delivered on 30 June they would not get such a tax benefit. Why not? What is the rationale? I would expect the minister to answer that later on in the debate.

At this stage, I would ask the minister if he could provide us with a full list of those vehicles that are now going to be exempted. And, yes, there will be Alfa Romeos, Jaguars and all those types of cars in there, but I would like to hear the list. There are only 25 cars and I think it would be of great benefit—

Senator Conroy—You have got the list.

Senator ABETZ—I want to make sure that I have got the right list, and the best way that we can ensure that is if you read them into the record, Senator Conroy. I would also like to know what the savings will be on each of those motor vehicles and the volumes of each of these motor vehicles sold. All those questions are premised on what actual modelling Treasury did as to the impacts of this legislation.

Senator CAMERON (New South Wales) (5.03 pm)—I rise in support of the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and the amendments. Here we are in the middle of what is one of the unprecedented financial crises of the world and we have a government moving to inoculate our economy from the worst aspects of this crisis. And what do we have from the opposition? We have the opposition trying to destroy the budget surplus. It is absolutely essential and in the national interest that this budget is passed in the Senate and that the various aspects of the budget go through to inoculate this country against this international financial crisis.

This is another political stunt from the opposition. They are politically and economically incompetent on this issue. It brings my mind back to what was said about the Liberal Party by the Liberal Party when they were in power, and that was that the Liberal Party were mean and tricky. Well, here we are—the mean and tricky Liberal Party at it again. They are trying to give pensioners false hope. They are trying to destroy the budget. They are trying to make sure that they do everything they possibly can to destroy an economically responsible approach from the Labor Party.

The luxury car tax was first introduced on 1 July 2000. It was to replace the 33 per cent wholesale sales tax that applied to luxury cars before the introduction of the GST. Only six per cent of Australian vehicles will be caught in the luxury car tax. The government has listened to the concerns of the Greens, Senator Fielding and Senator Xenophon. This package deals with the issues never dealt with by the incompetent economic approach of the Liberal Party. This deals with appropriate changes to the luxury car tax that take into account checks and balances on both an environmental and a practical basis. It is something that the Liberals did not have the vision or the understanding to do when in government. The Howard government never dealt with any of these issues.

The Howard government goes back to its usual argument, and that is fear and loathing—fear that jobs will be lost because of the luxury car tax. I have heard a lot of nonsense from other side since I have been here, but this is fear and loathing large by the Liberal Party. We have had people standing up and talking about the manufacturing industry, and I have had a look at what people have said in the past. I could not find Senator Abetz talking about the manufacturing industry in a decade. You never heard them talking about the manufacturing industry. We are here now with all this pious argument about the car industry being destroyed and jobs being lost. It is absolute errant nonsense from the other side. You had 11½ years to do something about the manufacturing industry, and what did you do? You did nothing. You stood back and you allowed the car industry to wither on the vine. You had no industry policy, no vision, no approach on the industry whatsoever.

In the Bracks inquiry, when there was an opportunity for the car industry to make submissions on any of these issues, none were made on the luxury car tax. There were no farmers running down there telling them that it would so bad if they could not buy their $90,000 four-wheel drives. My heart bleeds for these farmers in their $90,000, air-conditioned, leather-seated four-wheel drives. These are not the real farmers of this country. They are not running around in their flash, leather-seated four-wheel drives. My heart bleeds for these farmers in their $90,000, air-conditioned, leather-seated four-wheel drives. These are not the real farmers of this country. They are not running around in their flash, leather-seated four-wheel drives as you are claiming.

Let me deal with the argument about jobs. In evidence to the Senate Standing Committee on Economics inquiry into the bills, David McCarthy of Mercedes Benz said that the luxury car tax increase makes Australian-made cars below the threshold more competitive with imported models priced above the threshold. Indeed, this is apparently the view of the European Commission, which takes a very dim view of the luxury car tax. I say to the European Commission: so what? This is about ensuring that we have got proper taxation policy in this country. This is about making sure that those who can afford to pay can pay. And those friends of the Maserati drivers on the other side should really understand the issues here. Four-wheel drives are well below the luxury car tax threshold, and there would be many farmers who would be very happy with a car under the luxury car threshold that would do the business of the farming community and is not for those who are hanging off the industry, making huge profits at the expense of decent farmers in this country and driving around in their leather-seated, luxury four-wheel drives.
The opposition are adopting a belligerent, arrogant and destructive approach to the government’s budget. They have opposed the Medicare levy surcharge legislation, which would provide real relief to Australian working families. They have opposed the excise legislation and excise tariff amendments, which would ensure fairness in the taxation treatment of condensate. So on the one hand the ordinary working family in this country can get no tax relief from the Liberals—absolutely no tax relief—but, there you are, the Maserati drivers get looked after and BP, Chevron, BHP, Mitsui, Mitsubishi and Woodside Energy are looked after and are all very comfortable with the approach taken by the Liberals.

This is a situation that ordinary Australians will be appalled about when they dig under the rhetoric and nonsense being pursued by the Liberal Party—the errant nonsense, the rhetoric that means nothing other than that you have done nothing for 11½ years and you do not really care about the working families of this country. You do not care about the car workers of this country. I know a little bit about the car industry in this country, and for 11½ years the AMWU tried to get the Howard government to have a modern approach on the car industry that allowed it to develop for the future. But what did the Howard government do? It did absolutely nothing. It did nothing on the skill base for the industry, nothing on technology for the industry, nothing for research and development and nothing on innovation.

Those things are the real drivers of the car industry—and you have the hide to come into this place and tell us that you know what is good for the industry by opposing the luxury car tax. What a load of nonsense. Nothing displays your lack of understanding, your lack of caring and your lack of compassion for ordinary workers in this country than the nonsense that has been portrayed by the opposition during the last few days. This is an opposition that will do anything and say anything to give them some credibility with an Australian public who only recently threw them out of office for 11½ years of inaction on the big issues that count for the Australian public. Don’t come here lecturing us about the environment because you have been the most incompetent government with no vision. You have left this country unprepared for the challenges that we are facing.

Opposition senators interjecting—

Senator CAMERON—All of the interjections, all of the noise and all of the feigned indignation cannot hide the fact that you did not build for the future. By trying to stop this budget you are simply compounding the problems that you brought to this nation. You deserve to be condemned for your approach. This is a government that is striving to make a better life for
ordinary Australians. All you want to do is look after the big end of town, look after the Lamborghini drivers and not give ordinary Australians a fair go with the Medicare surcharge. You are an absolute disgrace. No amount of feigned anger or feigned anything will give the public any—(Time expired)

Senator ABETZ (Tasmania) (5.19 pm)—The Berlin Wall may well have fallen but the wall for logic clearly is still well and truly in place because it does not penetrate the mind of Senator Cameron. Logic is not something that is his strong suit. Indeed, he has come in here, given a 15-minute spray that should have been delivered during the second reading debate, marches in and marches out. He has already gone from the chamber and he expects us to take him seriously. In the hope that he might, in fact, read the Hansard can I tell him that one thing I have learned from time to time is that the amount of volume in a speech does not necessarily equate with the amount of evidence in a speech. Usually, the greater the volume required by the speaker, the less evidence he or she has to offer in relation to the matter under debate.

First of all, the good senator had the audacity to criticise me because he had not heard me speak in this place about the manufacturing sector in the past 10 years. Can I remind the honourable senator that he got in here on 1 July of this year. He has not been here for 10 years. He has not been here for five years. He has not even been here for one year. That is possibly why he has not heard me give all that many speeches because he has only been in this place a very, very short period of time.

Of course, the fact that he has been here for such a very short period of time reminds me that he got in here over the politically dead body of Senator George Campbell, a former trade union official of the same union movement but who got dumped—for what reason? He had not supported the manufacturing sector sufficiently. So Senator Doug Cameron, having knifed off Senator George Campbell in a preselection battle, now comes in here and one of the first serious votes his casts is to do the workers in the industry he used to represent in the eye, in the hip pocket: to destroy their jobs. I suppose he thinks he had a bit of practice with former Senator George Campbell. He got him out of the job. He now wants to see if he can get some car workers out of a job. Might I say, unfortunately, I think he will succeed.

This great protector of workers’ rights, Senator Doug Cameron, would, I am sure, have been a Luddite all those years ago. He is critical that people out in outback Australia, where the temperatures get up to 40 and 50 degrees centigrade, have this outrageous luxury called air conditioning. I wonder how many of his workers he fought for to have air conditioning as standard in their vehicles as they drove around in outback Australia between mine sites et cetera? Air conditioning is now a standard requirement, and he still considers it a luxury. How far behind the times is this Senator Doug Cameron? And he is the modern face of the Australian Labor Party? He will tell everyone with a Hyundai Getz that has air conditioning, which is fitted standard, that they have a luxury motor vehicle. This is the test that is now being applied by the Australian Labor Party. The class warfare shown by Senator Cameron is something I had thought we had left behind with the collapse of the Berlin Wall and with the collapse of the politics of envy. But, no, Senator Cameron is desperately trying to breathe new life into it.

Seeing as the minister has not answered my previous question, I would like him to tell us how many Lamberghinis were sold in Australia last year. How many Porches were sold? How many Rolls Royces were sold? How many Landcruisers were sold and how many Holden HSVs were sold? All of those will be subject to this luxury car tax. With Rollers, you might be lucky to have sold a dozen.

Senator Conroy—I’ll ask Malcolm.

Senator ABETZ—The silly minister interjects and says he will ask Malcolm. I think that your own Prime Minister and Mr Garrett enjoy even greater wealth. But I congratulate them on that; I am not envious about Mr Rudd’s wealth or Mr Garrett’s wealth, unlike those opposite, who seem to be envious of Mr Turnbull’s wealth. I do not know why the Labor Party have this inbuilt jealousy; this chip on their shoulder. They cannot bear to think that somebody might have some wealth. But when they sit on the Labor side they conveniently forget that Messrs Garrett and Rudd have so much money.

In his rant, Senator Cameron referred to Audis as well. Hello! Under the amendment that was sponsored by the government and which we are discussing, guess which brand of motor vehicle is going to get the greatest exemptions: the Audis. The car that he ranted and raved about is exactly the one that is going to get the greatest benefit out of this government sponsored amendment. The poor gentleman does not even understand his own government’s legislation and the deal that has been done with the Greens, and yet he comes in here, trips himself up and, quite frankly, displays for all to see and hear his gross ignorance.

We are also told that somehow higher taxes on motor vehicles support the motor vehicle industry. Not even the AMWU, his former union, is making that assertion. Nobody is making that assertion. It is going to hurt the car industry—no ifs, no buts. There were four Australian car manufacturers when the Howard government left office; there are now only three. That is the great stewardship of Mr Carr. In fairness, it would have happened irrespective of who was in government,
and that is why the pathetic blame game that Senator Cameron sought to engage is so inappropriate and irrelevant.

It was asserted that we had done nothing for the Australian car industry. If Senator Cameron had bothered to read the Bracks review, which was commissioned by his own government, he would have found that the ACIS was seen by car manufacturers as the most beneficial scheme that had come their way in a very long time. I am very proud that it was our government that implemented that scheme. It helped preserve and save many Australian jobs. It allowed the car industry to adjust to world pressures. But in ranting and raving about these international car companies—these multinationals—and how they can easily afford to pay tax, Senator Cameron overlooked the $35 million gift and photo opportunity for the most profitable car company in the world, Toyota. Once again, commentary on that was completely absent from Senator Cameron’s contribution.

I would be delighted if the minister could answer for us the questions that I asked previously. Also, how many Rolls Royces, Maseratis, Lamborghini are sold in Australia in comparison to cars such as the Holden Statesman, the Toyota Orion, the Fords and others that are in the luxury car bracket as well? Has the government modelled the impact of this measure on the Australian car industry? Has the Australian government consulted with the car industry, let alone with the unions, about this measure? What will their amendment cost each year? How many models will be exempted, what will they be and how many of each of those models are sold each year? Once we start getting some answers, we might be able to progress the debate.

Senator MILNE (Tasmania) (5.29 pm)—It is interesting to hear Senator Abetz describing Senator Cameron as old-fashioned. In fact, I would have thought Senator Cameron is rather cutting-edge given that the Bush administration has just defied the capitalist ethic and bailed out, in what can only be described as a public purse rescue, the corporate sector with billions and billions of dollars. I have not heard too much about ‘let the market operate by itself’, ‘small government’ or ‘no regulation’. I have not heard any of that! I have heard instead: ‘What’s the government doing to shore everything up?’ That is a legitimate question but, at a time when the extreme capitalism that was practised by the former Howard government—let the market rule; government get out of the way; small regulation—is suddenly in a state of complete collapse and the ideology that underpinned it is in collapse, the views of someone like Senator Cameron represent the reality of what is going on at the moment. So whilst you might say that the Berlin Wall has fallen, it is Wall Street that has fallen and it is your ideology that has fallen into a state of collapse.

However, that is not what I rose to comment about. Senator Abetz does provide some options to comment on these matters from time to time. The other thing I am delighted about is that Senator Abetz is now taking an interest in climate change and carbon dioxide emissions. However, it is a bit unfortunate that he chose to show off his new-found knowledge by quoting Euro 5 standard because Euro 5 standard is actually a non-CO2 fuel emission standard. So saying it is old-fashioned in terms of climate or fuel consumption is an interesting way of putting it because it is not a greenhouse gas standard; it is a standard about particulate matter and smog type emissions and not carbon dioxide emissions.

I say to the opposition, who are now suddenly interested in what the Europeans are doing, that in fact the Europeans set themselves a voluntary standard of 140 grams of CO2 per kilometre some years ago. However, their current average new car standard has got to about 160 grams of CO2 per kilometre. It has been recognised that that is not moving fast enough towards the voluntary standard of 140 grams and so in late 2006 the European Commission worked towards proposing a legally binding standard, which they then did on 7 February 2007. That says that the European Union must adhere to a standard which limits CO2 to 120 grams per kilometre. That is a very, very stringent standard which virtually no cars can currently meet. So several car manufacturers in Europe are in somewhat of a spin trying to work out how to get down to that low level of emissions.

But now that I know that the coalition supports the standard of 120 grams of CO2 per kilometre I am really pleased because we can move for similar standards here in Australia. I really welcome that level of support. Having said that, I recognise that new cars in Europe are achieving about 160 grams per kilometre, with a voluntary standard of 140 grams per kilometre working towards a compulsory standard of 120 grams. I note that the vehicles that we are exempting here in this particular amendment average about 155 grams of CO2 per kilometre. I am not saying that that is perfect; in fact, I agree with Senator Abetz that we should be getting down to 120 grams per kilometre as soon as possible. I am inclined now to move for that standard knowing that I will get the support of the coalition because they are keen to see our greenhouse gas emissions moved to such a stringent standard. In the meantime, I am very happy that we have been able to strike a standard between what the average new European car is achieving and the voluntary standard that they are aiming to get to. Recognising how far behind the eight ball we are in Australia because for 10 years the coalition did nothing on fuel efficiency, nothing on carbon dioxide emissions, you can hardly expect the Australian market to be getting to 120 grams as fast as that, but I would love to see it happen. I am encouraged that
the opposition supports that so I will be looking forward to moving on that at a later time.

I am very pleased about that and also because I now know that Senator Abetz supports Euro 5 standard for smog. That would be terrific for Sydney and Melbourne as well. I am really keen now that I know that I have the numbers in the parliament here to move on these really stringent emission standards for CO2 and non-CO2 emissions. It can only be great for air quality in our cities. I look forward to having that level of support in the future. I am sorry to have disappointed the opposition by not moving for more stringent standards on this occasion but I think I am being more than reasonable in exempting the vehicles that we are exempting. And I remind the Senate that while Senator Abetz is asking, ‘Which vehicles will be exempted?’ they are exactly the same vehicles that he wants exempted from the luxury car tax except it is not very many of them. He wants all of the vehicles over $57,000 exempt from the increase in the luxury car tax—every single one of them.

We have a consistent philosophical position on greenhouse gas emissions, on fuel efficiency, on Australian vehicle manufacturing and on everything from putting money into supporting the development of the Australian car manufacturing industries to green standards, to green cars, to bringing that through the tax system, to creating incentives to drive people’s behaviour to buy these fuel-efficient cars, to changing government procurement policies so that the government purchases the green cars that we then make. That will accelerate their take-up in the second-hand market. We all know that the taxi market is largely able to source its vehicles as a result of the turnover from government corporate fleets. That way we will radically improve the vehicle fuel efficiency of the Australian fleet and of CO2 emissions over time. At the same time that will give people the permanent rest they need, the permanent shielding they need, from the underlying increase in the oil price, which is going to flow through to increased petrol prices.

So the faster we get onto green cars the better off we are all going to be environmentally and in terms of our pockets, because I think that as people pull up at the petrol pump and fill up watching that oil price go up, as it is doing, they will be wishing that their car had much better vehicle fuel efficiency, and as they watch the carbon price go up they will be wishing that their vehicle had significantly reduced CO2 emissions. This is about not only CO2 but peak oil. It is about recognising the need to drive less and, when you do drive, driving more efficiently. It is also about saying that unless we drive the Australian car manufacturing sector to be globally competitive and recognise that that competition is in the context of smaller, cheaper and more efficient cars, then we are not going to get very far.

I would also inform the Senate that, with the Europeans having now set 120 grams per kilometre as the target in Europe, there are some environmental groups arguing that that needs to go to double the fuel efficiency over the next decade. They are arguing for 80 grams per kilometre by 2020. Bear in mind what I am saying at the moment, that new cars in Europe are about 160 grams per kilometre. So the environment movement in Europe is saying, ‘Let’s halve that,’ by 2020.

That is how fast other places in the world are moving in terms of campaigning for such significant increases in fuel efficiency and greenhouse gas reductions. We have to ask ourselves: how long can Australia compete unless we get onto exactly the same footing? That is where the $500 million for the green car fund and the Bracks review recommendation that that go to $1 billion ought to be supported. You will never prop up the Australian car industry by creating a subsidised market through government procurement and subsidising those factories. It is unsustainable into the future unless there is a market for those cars beyond just the government and fleet market. That is just not sustainable for vehicle manufacture and that is why they are in so much trouble at the moment. If you are a serious about creating jobs in Australia and keeping car manufacturing, then those car manufacturers have to make the cars which people want to buy and which can be exported overseas as well. That is where we need to be going and that is why this is a very sensible amendment. It is about putting a signal into the market that that is the direction we need to take.

That is what this is about, whereas the opposition does not want to support any rise in the luxury car tax. I have not heard them support one single revenue-raising measure, but I have heard them come up with endless ways to spend money. So if you do not support revenue-raising measures but you support all the increased expenditure including the taxation and you do not support getting rid of the surplus, I would like to ask: where is the money going to come from? In opposing this increase in the luxury car tax and having no philosophical reason of any kind for that other than saying that we should not be asking people to pay more, Senator Abetz should tell us whether he supports reducing the surplus to pay for the pension increase and whatever else. How does he intend to raise the money? I think that we have not actually heard from the coalition where the money is going to come from and I think that in order to have integrity about how to spend money you have to be able to say what you would be prepared to do to raise money.

The Greens stood up in here and opposed the tax cuts when everybody else supported them. We said that we wanted that money for health and education and pensions and the like, and we copped a lot of political
flak for saying that we did not support tax cuts. That is the position we took and it is a position of integrity. It was not one that people agreed with in terms of how people voted in here, though I think the community probably agreed with it. But, nevertheless, we were prepared to say that that is where we would have the money to spend—on pensions and public schools and public health. So I put to the coalition: instead of the grandstanding that has been going on, if they do not support a tax measure like this, where do they suggest we take the money from to be able to spend it on the pensions and the other expenditure measures which they have been touting in recent weeks?

Senator BOSWELL (Queensland) (5.42 pm)—I would like to put a bit of definition into this debate because Senator Milne has been spraying everywhere from schools and education to tax and so forth. Today we are debating the amendment that the Greens are proposing. The government is agreeing to it because it needs their vote, and, as Senator Cameron has said, the government has accommodated the Greens and Senator Fielding and Senator Xenophon. Really, the only people, they have not accommodated are the workers that are employed in these factories that are going to lose 10 per cent of their production. Like Senator Cameron, I have been involved in manufacturing and I know for a fact that all the profit is held in that last 10 per cent and if you just go and knock the top 10 per cent off any factory’s profits it is going to have dire consequences.

The real definition of this proposal that is coming forward is that we are going to tax the workhorses of Australia—the Nissan Patrols, the Toyota Landcruisers and the Land Rovers—that people need out in the west and we are going to allow in Audis, Alfa Romeos, BMWs, Jaguars, Saabs and a few of those other cars that the superwealthy use around the metropolitan areas.

Senator Cameron says, ‘Farmers don’t need these big four-wheel drive cars.’ That is an absolute nonsense. And if they have the audacity to put air-conditioning in them, when it happens to be 40 degrees in the shade out there, that is just a complete waste of money—you should go around in a car with your wife and family and fry! This is stupid. We are going to let all these expensive, highly-prized cars in but destroy 10 per cent of Australian car manufacturing—and we think it is not going to have any repercussions. There is no question about this. If you take 10 per cent—I think it actually works out at a bit more, let us say 11 per cent—of the cars manufactured in Australia, you are going to affect jobs as a consequence. Senator Cameron does not seem to worry about that. He has been in the manufacturing industry long enough to know that if you tax a product like this then you will tax it out of the market, and we are going to tax 10 or 11 per cent of Australian made cars out of the market.

It is not a luxury to have a four-wheel drive in the regional areas of Australia. They are not a luxury; they are an absolute necessity. They are something that everybody needs and everyone uses. Just the other day I was talking to Bruce Scott, the member for Maranoa. He said that one of his staffers was driving, got into a skid on a gravel road and ploughed into a tree. He said, ‘If I had not had that Land Rover—I think it was a Toyota LandCruiser—I would have been in terrible trouble.’ I have mentioned this before. Members of parliament have lost their wives through road accidents. Mr Cowan and Mr Hicks both lost their wives this way. John Anderson’s wife rolled a Volvo over seven times. Tim Fischer was in an accident where two people were killed. The government then made a decision that everyone who had big electorates—and it was a Labor government that made that decision—had to have a Toyota or a four-wheel drive. That was not because they wanted to see the local member swanning around in a luxury but rather because it was the only way that the government could guarantee the members and their families a safe way to travel around the electorate.

It is not just a question of driving around the farm in these vehicles. These are people movers. Parents drive them to take the kids to football, and football might be at the next town 50 kilometres away. Parents drive them to take the kids to swimming at the nearest town with a pool, which could be 30 kilometres away. We heard Senator Cameron come in here and condemn farmers for having a safe means of transport. It just shows that he does not understand what happens in regional and rural Australia. He has challenged Senator Abetz to go to a car manufacturer with him. Well, I challenge him to come out west and stand outside the town hall or the shopping centre and count the number of four-wheel drives. They are not owned by wealthy farmers—some of them would be owned by farmers but many of them would be owned by the workers around the area such as vets, nurses, doctors, windmill experts and people who work on the properties. What this is doing is saying, ‘You can drive a Volvo, an Alfa Romeo or an Audi out there but do not drive a four-wheel drive.’

These four-wheel drives are designed and made for rural and regional Australia, and the tax on these is going to penalise people—not the farmers, because they have been excluded, but the rest of the people out there. I would expect that there would be many more people driving these vehicles out there than just farmers. Senator Milne says, ‘It’s a good idea. We’ve got to encourage people to drive these Audis because they have some sort of a fuel mileage advantage.’ It may work in the metropolitan areas, but the idea of bringing in these very expensive imported cars—when you are penalising the workhorses of Australia, penalising the cars that are manufactured in Australia and knocking
off 10 or 11 per cent of the cars that are manufactured in Australia—will only end in tears when people lose their jobs.

Senator ABETZ (Tasmania) (5.50 pm)—If the minister is going to answer some questions, that would be great.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (5.50 pm)—Thank you, Senator Abetz. I would like to indicate that I have the list that I think you were asking for before. The Audi A4, the Alfa Romeo 159 Sportswagon, the BMW 3 Series, the BMW X3, the Jaguar X-Type, the Mercedes-Benz C Class, the SAAB Sports sedan, the SAAB SportCombi and the BMW 5 Series have a reduced LCT payable.

Senator Abetz—Could you table that list, please?

Senator CONROY—I would have to get it retyped. It is just a sort of scribbled list. I am happy to see what I can do to facilitate that. You asked about the second reading amendment which was circulated with an extra part on it a little earlier. The revised amendment was required because it would have clashed with Senator Xenophon’s amendment. So there was a need to add an extra phrase.

You asked how many were sold that are now under the threshold. The information on the degree of model specification required to respond to one of your questions is not publicly available. So we do not have some of that information, but this is about providing an incentive for the future. You also asked what the government amendments say for each model. It will vary. The saving will depend on whether the car is above or below the threshold. An itemised list is not available at this time. We will see if we can find some information to add to that, if it is possible in the available time. I hope that covers all the questions that you asked.

Senator ABETZ (Tasmania) (5.53 pm)—We do not have, according to the minister, the number of vehicles sold in this particular category. We have just had to suffer a lecture on economic stewardship from Senator Milne. If we do not know how many cars are impacted—how many cars are sold in those categories—can the ministry advise how he was able to tell us in the explanatory memorandum that the impact of this would be $8.5 million? Where was the modelling done? How did we make this analysis if we do not know the number of motor vehicles that will be impacted by this measure?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (5.54 pm)—As I have indicated, Senator Abetz, the information is not publicly available. We do not normally provide either the data or the model, and that is entirely consistent with the practice of the previous government.

Senator ABETZ (Tasmania) (5.57 pm)—But the government has been ranting, especially in the other place—and now Senator Cameron after about a fortnight has cottoned on to what occurs in the other place—about this protecting Lamborghini owners and Porsche owners et cetera. Surely the government must have some information available to it as to how many Lamborghini and Rolls Royces were sold in Australia last year to see if the arguments put forward by the Prime Minister and the Treasurer are true. I think we know that they are quite the opposite.

Surely for them to be able to make the arguments that they have sought at question time, they must have information available to them? Or is it a case of: ‘I’ve somehow the government has it. Is that what you are telling us? Is that secret government information not to be made available to the public? Is that what you are telling us?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (5.54 pm)—As you know, the modelling that Treasury does is not normally released. It was never released under your government, and we are simply following the well-worn practises you are more than familiar with, Senator Abetz.

Senator ABETZ (Tasmania) (5.54 pm)—I fully agree with that, but what it highlights and shows is that the Labor Party spent 11½ years in opposition claiming cover-up and lack of transparency in this place and as soon as they got onto the treasury benches, they adopted our very approach. What it shows is that there was duplicity and a forked tongue that were being exercised each time they demanded our modelling.

I asked whether modelling had been done. I have not actually asked for the modelling. I asked for the actual numbers of motor vehicles in each category that were sold and would be impacted by this measure, because surely that is the basis on which the statement is made in the explanatory memorandum as to the cost to revenue. In 2008-09, the government tells us it is going to cost us $8.5 million; in 2009-10, $9.2 million, then $10.1 million, then $11 million. That is $38.8 million. It rolls off the lips very easily. We are told that we were hugely economically irresponsible for wanting to minimise the tax impact. But we now have a $38.8 million measure. How was that calculated in the explanatory memorandum if we do not know how many motor vehicles were sold in the category? Were the figures just plucked out of thin air?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (5.56 pm)—As I have indicated, Senator Abetz, the information is not publicly available. We do not normally provide either the data or the model, and that is entirely consistent with the practice of the previous government.
got the information but I’m not going to share it with you, therefore you have to trust us. Believe us. We are from the government. I am Kevin 747. Believe me.’ On what basis were you able to convince the crossbenchers of the integrity of that analysis? Did they ask for it or did they just swallow it? We really are concerned about the robustness of the information on page 1 of the explanatory memorandum, headed ‘General outline and financial impact’. It seeks to assert a financial impact, but we are told that the figures are not even available for the numbers of cars sold. Where did these figures come from?

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (5.59 pm)—The price of vehicles, as Senator Abetz well knows, is publicly available. I am pleased to see that the member for Wentworth’s habits are catching on already—he likes to quote himself, and Senator Abetz likes to ask himself questions. As I said, and maybe you misheard, the data that goes into the Treasury modelling is not publicly available. I do not think I can be clearer than that, Senator Abetz. I do not think it is a deceptive answer; I am simply making the point that the model itself and the data that goes into the modelling are not publicly available.

**Senator ABETZ** (Tasmania) (5.59 pm)—That was very opaque, and as a result the government clearly could not have shared that information with the crossbenchers, so they just lapped it up hoping that it was right but without any guarantee as to the integrity or robustness of it. Minister, are you aware of how many Australian models will be exempted under this proposal?

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.00 pm)—Could you repeat the question to clarify it? We just want to make sure we get you the right answer.

**Senator ABETZ** (Tasmania) (6.00 pm)—You want me to repeat it? Of course. How many Australian models and how many Australian vehicles will benefit from the exemption in this amendment?

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.01 pm)—Is this the Greens amendment?

**Senator ABETZ** (Tasmania) (6.01 pm)—The Greens amendment! It is, in fact, the government-sponsored amendment, Minister, just allow me to remind you. The closeness between Labor and the Greens is growing, which is nice to see!

**Senator Conroy**—I just wanted to clarify.

**Senator ABETZ**—Yes, that is the one.

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.01 pm)—At present we believe the answer is none.

**Senator ABETZ** (Tasmania) (6.01 pm)—That is what I thought, and that will be of great comfort to all those members of the AMWU who used to be represented by Senator Doug Cameron, no doubt. Now can you tell us: what is the emissions rate of LandCruisers, which the government will be exempting with the Family First amendment? Sorry, I may have said ‘emissions’; I meant to say ‘fuel efficiency’ because you are measuring it by litres per 100 kilometres. It is a bad measure, but that is the measure you are using.

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.02 pm)—Could you just run through the question again?

**Senator ABETZ** (Tasmania) (6.02 pm)—I am of the strong belief that if you have a measure such as this it should be of the emissions that we are concerned about, but I accept that, for the purposes of the current government amendment, we are talking about vehicles that consume seven litres per 100 kilometres or less. I understand the government is also supporting a Family First amendment which will exempt four-wheel drives, and I wonder how many litres per 100 kilometres they might consume.

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.03 pm)—They consume nine litres and above, roughly.

**Senator ABETZ** (Tasmania) (6.03 pm)—They range from nine and above—to what level? I think we might be getting up to 14 litres, but please confirm that.

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.03 pm)—The officials are just seeking that information for you, Senator Abetz. If you already know the answer perhaps you might want to enlighten us, so that we can keep this rolling for you.

**Senator ABETZ** (Tasmania) (6.03 pm)—Whilst the minister is finding that answer, possibly if he looked on the page and saw a figure that said 14.5 litres—

**Senator Conroy**—14.5.

**Senator ABETZ**—Yes, well done! Here we have a situation where the government are saying, ‘Fuel consumption, bad; therefore we will give tax relief to any vehicle that has seven litres or less fuel consumption.’ Then, all of a sudden, ‘High fuel consumption in four-wheel drives, good. They’re also deserving of a tax exemption though they consume twice the seven-litre threshold.’ Indeed, they consume up to 14.5 litres. So those listening in might ask, ‘How is this logical? How is this consistent? How can you come up with such a policy mishmash?’ It is easy: it is the Rudd Labor government not interested in sound policy but in stitching up deals—first one with the Greens, then one with Family First. What does it matter that the deals are inconsistent? I then ask: can the minister confirm that the
only technology to benefit by this government amendment will, in fact, be diesel technology?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.05 pm)—We do not have that information readily at hand. While this debate goes on we will see if we can get any further information on that. You might want to reveal the extent of your knowledge on it, to assist the debate.

Senator ABETZ (Tasmania) (6.05 pm)—I think if the officials find ‘only diesel’ on a page somewhere, that might be the correct answer. I think I should be getting at least half your stipend, Minister, for assisting you in this committee stage! Let’s move on. Can the minister also advise whether all the motor vehicles that are going to be exempted—these imported motor vehicles with diesel technology—are all fitted with a turbo type of technology?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.06 pm)—That is not information that we have readily at hand. We are happy to seek it and provide it, if we are able to do so, before the completion of the debate.

Senator ABETZ (Tasmania) (6.07 pm)—The importance of that is that some states have legislation which specifically bans learner drivers and P-plate drivers from driving turbo-charged motor vehicles. It is a pity that Senator Fielding is not in here—and I accept that he cannot be everywhere at a particular time, so I am not being critical—because I would have thought that supporting an amendment such as this would be very unfriendly for those families that can afford only one car and in fact will use that car to teach their kids how to drive. They will not be able to use that motor vehicle and, once their child gets their licence, their child will not be able to use that car to pick up younger siblings. You will be forcing those people to buy a higher priced motor vehicle—let us hope that they buy Australian at least. The tax benefits that you are providing will not be for those families that require a motor vehicle for teaching their children to drive and then for the children to use that vehicle later on to pick up other family members. Do we have any progress on those other matters as yet, Minister?

Senator Conroy—Not at this stage.

Senator ABETZ—I do have a few more questions that I would like to put to the minister. What is the overall inflationary impact going to be of this total measure and then by how much will it be reduced by the two exemptions that the government seems to have agreed to with the Greens and Family First?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.09 pm)—I think we had some discussion earlier in the day, Senator Abetz. A one-off price movement is what is happening here. I am advised that the specific information that you have requested is not readily at hand. If it is able to be made available to you in the required time, we will endeavour to do so.

Senator ABETZ (Tasmania) (6.09 pm)—This amendment is not a very well researched proposition, quite clearly. Did the government consult with the Australian car industry prior to the luxury car tax announcement and subsequently over this amendment that is before us?

Senator Conroy—No and no.

Senator ABETZ—Did the union—it may as well have been. Did the former union officials, now the government, consult with the AMWU about these tax measures, either the luxury car tax initially or the amendments that are before us this evening?

Senator Conroy—No.

Senator MILNE (Tasmania) (6.11 pm)—I thought I would assist the committee. Senator Abetz was feigning grave concern a moment ago about families driving turbo-charged vehicles. The cars Senator Abetz is talking about are made in Australia—the Ford Falcon G6E, Territory Ghia Turbo and Ford performance vehicles. So the very cars he wants to exempt altogether are cars in that high-performance category that are made in Australia.

Senator ABETZ (Tasmania) (6.11 pm)—Yes, but as a result of Senator Milne’s amendment, which was brought in under the guise of a government amendment—I think the government gave it away that it was in fact a Greens amendment, and I thank the minister for that rare moment of transparency with us this evening—the turbo-charged vehicles are now going to become cheaper relative to your normal Ford Territory, Commodore et cetera. That was the point that I was seeking to make.

I want to inquire about the secret costings—I must say I am not sure that there is anything really secret about them. They seem very rubbery to me and there is a lack of explanation about them. Are we at least allowed to know whether they were based on predicted car sales—that car sales will go up or down—over the next four-year budget period?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.13 pm)—My understanding is that they are based on predicted car sales. I do enjoy the theatre of your performance, Senator Abetz. On the one hand the figures are secret and not being disclosed—mock horror!—and, on the other hand, they are as rubbery as anything and do not exist—mock horror! I am enjoying the performance.

Senator ABETZ (Tasmania) (6.13 pm)—I assumed that they would be predicted figures, but I was asking whether the prediction was predicated on increased car sales or reduced car sales over the forward projection period.
of four years that is referred to in the explanatory memorandum.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.14 pm)—That information is not handy right at this moment. I am happy again to facilitate providing the information, if it is available, at the earliest opportunity.

Senator ABETZ (Tasmania) (6.14 pm)—So the only information that is readily to hand is that you have stitched up a deal between the Greens and Labor, and between Family First and Labor. There has been no consultation with the car industry and no consultation with the unions. We do not know whether you are predicting car sales to increase or to decrease over the forward period of four years. This, I must say, is very, very sloppy. Whilst it would be nice to personally blame Senator Conroy for it, I know he is only representing the Treasurer, and the person that should bear the burden of this dearth of information is in fact the Treasurer, Mr Swan.

The latest figures indicate that demand for motor vehicles in the luxury car bracket over the $57,180 threshold has fallen by about 19 per cent. That is, without exaggerating, if you round up the 19 per cent to 20 per cent, a reduction of one-fifth. That is substantial in anybody’s language. I wonder whether the Treasury modelling—that, of course, has to be kept secret—took into account the huge impact that this ill-considered measure would have on car sales and on revenue streams. In particular, I wonder whether the government did any modelling on its impact on the Australian car-manufacturing sector.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (6.16 pm)—Thank you, Senator Abetz. We are going to confirm as much of that information as we can for you and to get back to you as soon as we are able.

Senator ABETZ (Tasmania) (6.16 pm)—If you were a betting man, would you say ‘no’ to everything? The government has clearly not done its homework or its research. I think, in all fairness, that we might want to move to a vote on this particular amendment relatively soon. The problem is that what I would have thought was very basic information is simply not to hand. When we oppose this legislation we are accused of being economic vandals but, when we probe the background to this information, we find that there is no evidence available at all to support what the government is doing, other than that we know this is an inflationary measure designed to fight inflation. That is about the only answer that we have been able to get out of the government: they have introduced this to fight inflation and they accept that it is going to have a one-off inflationary effect. In response to any other question we ask, they simply do not have the information available. Can I just remind Senator Conroy and listeners—and I do not blame Senator Conroy personally, because this is the responsibility of Mr Swan and Mr Rudd—that this is what happens when you make policy on the run, rather than being concerned about the substantive issues of the day. This is what happens when you prefer spin over substance. When people start asking questions about the spin, they find that there is no substance. I suggest that we move to the vote.

Question put:
That the request (Senator Conroy’s) be agreed to.

The committee divided. [6.22 pm]
(The Chairman—Senator the Hon. AB Ferguson)

Ayes.............. 33
Noes.............. 31
Majority......... 2

AYES
Arbib, M.V.
Bishop, T.M.
Brown, C.L.
Carr, K.J.
Crossin, P.M.
Farrell, D.E.
Fielding, S.
Furner, M.L.
Hogg, J.J.
Ludlam, S.
Lundy, K.A.
McEwen, A. *
Milne, C.
Polley, H.
Siewert, R.
Sterle, G.
Xenophon, N.

NOES
Abetz, E.
Barnett, G.
Birmingham, S.
Boyce, S.
Bushby, D.C.
Colbeck, R.
Eggleston, A.
Ferravanti-Well, C.
Fisher, M.J.
Johnston, D.
Macdonald, I.
McGauran, J.J.J.
Nash, F.
Ryan, S.M.
Troeth, J.M.
Williams, J.R. *

PAIRS
Conroy, S.M.
Faulkner, J.P.
Hurley, A.
O’Brien, K.W.K.
Sherry, N.J.
Wong, P.
* denotes teller

AYES
Bilyk, C.L.
Brown, B.J.
Cameron, D.N.
Collins, J.
Evans, C.V.
Feeney, D.
Forshaw, M.G.
Hansen-Young, S.C.
Hutchins, S.P.
Ludwig, J.W.
McLucas, J.E.
Mooore, C.
Pratt, L.C.
Stephens, U.
Wortley, D.

NOES
Adams, J.
Bernardi, C.
Boswell, R.L.D.
Brandis, G.H.
Cash, M.C.
Cormann, M.H.P.
Ferguson, A.B.
Fifield, M.P.
Heffernan, W.
Joyce, B.
Mason, B.J.
Minchin, N.H.
Parry, S.
Scullion, N.G.
Trood, R.B.

CHAMBER
Question agreed to.

Senator ABETZ (Tasmania) (6.25 pm)—It is disappointing that the Australian car industry now faces an even bleaker future as a result of that request for an amendment that has just been carried. But to try to relieve the burden on the Australian car industry the opposition believes that the indexation of the threshold should be put on a more realistic footing. A realistic footing would be to ensure that the motor vehicle luxury car tax threshold would be indexed according to normal consumer price index movements, as opposed to the CPIMV.

I should have indicated, Madam Temporary Chairman, that we are withdrawing opposition request (4) because that clearly is no longer tenable but we have another version which is now request (1) on sheet 5601, and that is the amendment that I am seeking to move now before the committee—my apologies for not clearing that up earlier. I move:

That the House of Representatives be requested to make the following amendment:

(1) Schedule 1, page 3 (after line 27), at the end of the Schedule, add:

4 Subsection 25-1(3)
Repeal the subsection, substitute:

(3) The luxury car tax threshold for the 2008-09 financial year is $57,180.
(4) The threshold referred to in subsection (3) is indexed for each year of tax after the year of tax commencing on 1 July 2008 in accordance with the CPI indexation method provided for by Subdivision 960-M of the *ITAA 1997, calculated using the index number referred to in subsection 960-280(1) of that Act.

What has happened is that since this luxury car tax was introduced, under the Hawke-Keating regime, and then it was continued, it has been indexed by a mechanism called the CPIMV, or the consumer price index related to motor vehicles. This unfortunately did not take into account the actual increase in the cost of cars, and it is interesting that the report by the Senate economics committee showed that there has been substantial bracket creep. When the luxury car tax concept was first considered, it covered about 2.5 per cent of motor vehicles; today, it covers about 12 per cent, five times as many motor vehicles as when it was first considered. So we believe that the luxury car tax threshold should be adjusted on an annual basis in line with the consumer price index.

What we are suggesting to the Senate, to ensure that bracket creep no longer has this sort of impact, is that we provide a mechanism for indexation which will ensure that there is some equity. Indeed, the Senate economics committee received evidence that, if there were not going to be proper indexation, ‘up to half of all motor vehicles sold in Australia will be subject to the luxury car tax by 2030’. Now, I would have thought—even with Senator Doug Cameron’s warped view of the world—that that would be seen as quite extreme and therefore we clearly need a mechanism which will ensure that 50 per cent of motor vehicles sold in the Australian marketplace are not categorised as luxury vehicles by the year 2030. The time to fix this is now, and that is why we are putting this proposal to the Senate this evening. I understand it is a proposal that is being opposed by the government, which once again confirms they are not about fairness, they are not about equity; they are concerned about a tax grab, an unconscionable tax grab, where people will now be paying 43 per cent tax on any motor vehicle purchased.

Sitting suspended from 6.30 pm to 7.00 pm

Senator ABETZ—Before the dinner break, I was canvassing opposition request for amendment 1 on sheet 5601 to add an item to deal with the indexation of thresholds. The luxury car tax concept, when it was first considered, covered some 2.5 per cent of motor vehicles sold in Australia. Today it covers about five times that number, around the 11 per cent to 12 per cent mark. Industry indications are that, unless we have a proper indexation mechanism by the year 2030, 50 per cent of motor vehicles sold in Australia will be considered luxury cars. Clearly the current indexation methodology does not work and is unsatisfactory.

As a result, we as an opposition are suggesting to the government and to independent senators that consideration be given to indexing this threshold on the basis of the consumer price index as opposed to some undoubtedly spectacular formula that somebody thought of, which is the consumer price index for motor vehicles—the CPIMV. The Senate committee report canvasses these matters quite well. If you have a look at the cost of, say, a ‘family 6’—a very popular type of Australian motor vehicle—you will see that it clearly has exceeded the CPIMV. If you have a look at average weekly earnings, you will see they have considerably exceeded the CPIMV. The CPI has considerably exceeded the CPIMV. The CPIMV does not reflect the increase in prices actually paid for cars and that is why we now have a situation where it covers five times as many cars as when it was first considered. So we believe that the luxury car tax threshold should be adjusted on an annual basis in line with the consumer price index.

Senator Fielding was right in his speech in the second reading debate the first time around that this is nothing but a tax grab. If the government wanted to dress this up with even a fig leaf of responsible taxation, they would introduce a proper indexation mechanism. That is what we are suggesting.
Senator Conroy—Did you ever do any indexing?

Senator ABETZ—Senator Conroy asks if we ever indexed them. Yes, we had the CPIMV but, unlike Senator Conroy at question time today when he clearly made a mistake and was unable to recognise it because pride gets in the way with those opposite, we are willing to say that we in fact wanted another term in government because all our business had not been finished. There were other matters that we had to address, and clearly the luxury car tax was one of those things that needed to be addressed. It came to our attention because of this tax slug.

Let us just remember this: the motor vehicles that will be affected will now be subject to 10 per cent GST, 25 per cent luxury car tax plus an eight per cent luxury car tax surcharge. Whilst some of those are cumulative, if you just add up the straight percentages you have a 43 per cent tax rate on that part of motor vehicles that are priced above $57,180. The government believes that this is vitally important; yet, is there such a thing as a luxury tax on a private jet, a private yacht or a $200,000 Rolex watch? No. But, on the automotive sector, there will be.

We believe that there needs to be an adjustment. Did we deal with it when we were in government? No, we did not. Should we have? Absolutely. Was the Howard government perfect? No, it was not. But, you see, we are willing to acknowledge some of our shortcomings, unlike the arrogance of Mr Rudd and Mr Swan, now being echoed by Senator Conroy, who believe that they never make mistakes and do not overlook things. The simple fact is that we are willing to acknowledge that we could have done things better. But I will just remind Senator Conroy that the huge legacy of $96 billion of Labor debt was only finally paid off in April 2006. So we needed a lot of revenue streams, even if we did not necessarily like them, to help pay off this great inter-generational injustice that the Hawke-Keating era left for the Howard-Costello era to fix up. After April 2006, we were able to turn our minds to some tax deductions. We did so, and it was nice to see Mr Rudd embrace them and say, ‘Me too,’ during the last election.

Coming back to the point at hand, we do need a more appropriate indexation mechanism for the luxury car tax so that bracket creep does not get us to a situation where—and the evidence on this is undisputed—within a couple of decades 50 per cent of all vehicles sold in Australia will be subject to the luxury car tax.

Senator XENOPHON (South Australia) (7.07 pm)—When I was first looking at this bill, I thought that it was the appropriate thing to do to index the threshold at CPI rather than CPIMV immediately. I did speak to the Treasurer’s office about this, and their advice was that it would cost in the region of $400 million over the forward estimates, which seemed to be an extraordinary figure to me. I am grateful to the Treasurer’s office for giving me further information on this. My position, in a nutshell, is that there ought to be indexation at some point in the future to draw a line in the sand, but to do so at this stage would blow a $400 million hole in this measure, and I want—

Senator Conroy interjecting—

Senator XENOPHON—Senator Conroy looks horrified. I think it is important that we put this—

The TEMPORARY CHAIRMAN (Senator Hutcheson)—Just carry on, Senator.

Senator XENOPHON—Thank you, Mr Chairman. I am still not used to Senator Conroy’s looks of horror, but I will be immune to them sooner rather than later. In relation to this issue, to me the dilemma from a policy point of view is this: the CPIMV is a standard which has been used for many years and it does not reflect ordinary cost of living increases as evidenced by the CPI. The problem is, as I understand it, that the CPIMV works on the basis that there are technological advances to vehicles. The CPIMV takes that into account. But the contrary argument is that it does not keep pace with inflation, and one of my concerns has been—and I am referring to the Senate committee report on this—that in 1986 the luxury car tax applied to 4.5 per cent of light vehicles and in 2007 it applied to 12 per cent.

I did receive a comprehensive response yesterday from the Treasurer’s office which I would like to share with my fellow senators. I think it is appropriate to basically precis it quite thoroughly. The response from the Treasurer’s office says:

While we do not have data to verify the 1986 figure—that is, of around 4.5 per cent—we can verify that the percentage of luxury cars, as a percentage of all passenger cars sold, was around 12 per cent in 2007.

There is a break in the data series which means that numbers in recent years are probably not comparable to those before 2003 because of a change in FCAI methodology. It is also not clear to us whether the past industry statistics upon which the claims above are based have a definition consistent with the luxury car tax threshold.

The data we do have is based on the proportion of cars purchased that are above the threshold.

There are a number of reasons why the percentage of luxury cars purchased may have increased over time other than because of movements in the luxury car tax threshold. These include:

- As incomes rise, there is likely to be an increase in demand for luxury goods, including cars. For example, in 1979 it took 1.6 years of Male Total Average Weekly Earnings to purchase a car that was priced at the threshold. Today it takes only one year.
- The price of vehicles relative to other goods has fallen significantly as a result of tariff cuts for cars and the introduction of the GST in 2000.
That is something that I think Senator Abetz can take some partial credit for.

Senator Conroy—No-one ever gives him any credit for anything!

The TEMPORARY CHAIRMAN—Order, Senator.

Senator Xenophon—Mr Chair, I am trying to be generous. It is my nature to be generous, in a very bipartisan way. The response from the Treasurer’s office continued:

Because of these other factors the movement in the luxury car tax threshold will not therefore be sufficient to predict the number of luxury cars sold in the future and what percentage this represents compared to all passenger car sales.

While the many variables (especially car prices for many scores of different models) make it impossible to predict with any accuracy what proportion of cars will be captured by the luxury car tax in the future, I would add that the effect of the amendment to increase the threshold for more fuel efficient cars will have the effect of reducing the proportion of cars captured by the LCT as cars become more efficient over time.

The point is also made that:
The LCT threshold is indexed by the motor vehicle purchase component of the CPI, rather than the CPI itself, because it is an indicator of the changing price levels of a representative group of both imported and domestic vehicles purchased by consumers.

This index has been used in the tax law by successive governments since 1979.

There have been times since 1979 when the motor vehicle purchase component rose faster than the CPI—between 1987 and 1989 it rose broadly around twice as fast as the Consumer Price Index. When this has occurred, the LCT threshold has risen faster than it would have had it been indexed to the CPI.

It goes on to say:

The tax law also ensures that if the index of the motor vehicle purchase component of the Consumer Price Index declines over any year the luxury car tax threshold is not reduced but stays the same.

The increase in the number of luxury cars purchased over time will also reflect the overall demand for luxury cars. As incomes rise, there is likely to be an increase in demand for luxury goods, including cars.

The final paragraph of the email from the Treasurer’s office states:

We have undertaken a formal costing for indexing the threshold to the CPI from 1 July 2009. This is estimated to be $365 million over the forward estimates.

I wanted to read virtually the entire email so that it is completely in context. I have not taken out what I thought would strengthen any argument. I wanted the advice from the Treasurer’s office to be in its complete context, and I am grateful for that advice.

I am concerned about the budgetary impact in terms of the forward estimates. It does seem a very high amount, but I accept in good faith the figures given by the Treasurer’s office. However, I think it is important that at some point in the future a line is drawn in the sand, and that is why I will subsequently be moving an amendment to have CPI indexation or a sunset clause in respect of this from the end of the forward estimates—the 2012-13 financial year. That to me seems to be a more cautious approach, but it still makes the point that there ought to be a line drawn in the sand in respect of this. I would be grateful if the minister could provide confirmation that the Henry review of taxation will be looking at the specific issue of indexation.

In summary, I cannot support the amendment of Senator Abetz, but I will move an alternative amendment to deal with the issue of indexation through a sunset clause, with a fallback position, in the absence of this matter being dealt with satisfactorily by the parliament, of Senator Abetz’s position, albeit at the end of the forward estimates period.

Senator Abetz (Tasmania) (7.14 pm)—If the minister is not going to give Senator Xenophon the courtesy of an answer, I commend Senator Xenophon for at least providing us with more information on this issue than the minister himself was prepared to give the Senate. It just shows the sort of contempt with which Senator Conroy and the Labor Party are treating this Senate. They will provide secret information to Independent senators, but when similar questions are asked by opposition senators in the open forum—

Senator Xenophon—Mr Temporary Chairman, on a point of order: I want to clarify something. Senator Abetz suggests that there was secret information. It was never my intention or the government’s intention for it to be secret. I only read the email this morning, and I have been open with the Senate in disclosing that. There was no question of it being secret.

The TEMPORARY CHAIRMAN (Senator Hutchins)—Thank you, Senator Xenophon. We have that now.

Senator Abetz—A very fair point. I should withdraw the word ‘secret’ and say it was provided privately, because that is what has occurred. When we ask for this information it is not available and is not offered to us, but when they are desperate to get the vote of Independents they are willing to give them private briefings and provide them with more information than they are willing to provide to this Senate chamber. The unfortunate thing for Senator Xenophon—and it is disappointing, because I thought one of his roles in this place was to try to keep the government honest—is that he has been told by the government that it is going to cost $400 million and he says, ‘I’m going to accept that at face value.’ That is his right. He is a new senator in this place. I reckon that in a few months time he will learn by bitter experience not to take that sort of information at face value—because, if you were to take this
whole luxury car tax proposal at face value, the government says it is to fight inflation. That is the only reason given for it—to fight inflation—yet they themselves now acknowledge that it will be inflationary, albeit negligibly so. I concede and accept that, but there is no way that you can make out the argument that this is somehow anti-inflationary. So I say to Senator Xenophon and other Independents: just because the government says something, do not accept it at face value; question, probe and see whether the substance matches the spin. In relation to this legislation, clearly the inflationary imperative does not exist, because we around this chamber are now all agreed that, in fact, this proposal will be inflationary.

But the thing that disturbed me is that the email, if I heard it correctly as read by Senator Xenophon, said that Treasury could not confirm the FCAI calculations but—and this is where the bureaucratic language is so wonderful unless you are willing to probe and question—nor were they willing to deny it. So we have one set of evidence put before the Australian people by the motor vehicle interests in this country; Treasury says it cannot confirm it, but nor can it deny it. As a result we are left with only one lot of information in the public domain, and that is from the FCAI. If Treasury cannot confirm this information from the FCAI, I simply pose a question, and it is not a rhetorical question: how can we accept this $400 million figure? It sounds very round to me. Why isn’t it $401 million or $399 million? There is just the very convenient figure of $400 million being thrown up by Treasury for an Independent senator to accept at face value. The FCAI information would suggest that that figure might be wrong. The government say, ‘We can’t confirm the figure,’ but they are not gutsy enough to deny it, because they know that if they were to make such an allegation then they would be brought to account.

What we have now is Treasury saying that the luxury component of vehicles has somehow increased and that therefore it is appropriate that the luxury car tax threshold captures more and more vehicles. I hope there is somebody in Treasury who actually enjoys an increased standard of living. One day having refrigerators was, in fact, a luxury; now, I think, most people accept that they are standard.

Senator ABETZ—Telephones!

Senator Cormann—Telephones! Senator Cormann quite rightly interjects and says, ‘What about telephones?’ It is exactly the same. So we have the ridiculous situation of Senator Doug Cameron coming into this chamber earlier this evening saying—

Senator Conroy interjecting—

 Senator ABETZ—and even Senator Conroy has to laugh at this—that somehow air conditioning in a motor vehicle, in the year 2008, is an outrageous luxury which should be taxed at the rate of 33 per cent. Just imagine if an employer were to put a union member in an un-air-conditioned motor vehicle in the outback of Australia, where it is 40 degrees in the shade.

Senator Williams—You’d have a strike.

Senator ABETZ—You would, Senator Williams—you would have a strike on your hands for occupational health and safety standards, because everybody today should be providing air conditioning for their employees. It is about the question of what we now consider to be a luxury. Do we actually consider airbags to be a luxury? Do we consider ABS to be a luxury? Do we consider those flashing lights called indicators, rather than those old hand signals, to be a luxury? Under the CPIMV we would still have those old hand signals. Remember the yellow hand—I am showing my age now—that you would push out the window? If the hand was straight up you were stopping and if it was horizontal you were turning right. Even that hand signal at the time was innovative and a luxury in itself, because it allowed you not to have to put your own hand at risk as you had a mechanical substitute. Now we have these wonderful innovations—flashing lights—that are called indicators. Of course they are luxuries, so the Treasury CPIMV modelling says that these are luxury factors that should not be taken into account for the purposes of the luxury car tax threshold.

I say to my good friend Senator Xenophon and those on the crossbenches: consider what Treasury is telling you from time to time. Next it will be that having a handbrake is a luxury. I understand that in the past they used to just put a chock under the wheel; you would carry a brick in the back of the car. But now there is the innovation of a handbrake, and so we could go on. Pneumatic tyres—what a great luxury that was! Of course as time goes by cars will improve.

Something that was of great concern to opposition senators has been confirmed—that is, this luxury car tax is a tax on innovation and a tax on road safety. Having an airbag in the car is seen by most people now as standard. But according to Senator Cameron—of course if he were in the car there would be an extra airbag, but I am not sure that that would necessarily add to road safety—

Senator Conroy—if you were in the car there’d be no need for airbags.

Senator ABETZ—No second prize, Senator Conroy. The serious point is that this luxury car tax is a huge impost on innovation. It is a tax on innovation. The CPIMV mechanism is clearly an inhibitor to innovation. If this government actually believes its mantra
in relation to innovation, it would ensure that the luxury car tax did not act as an inhibitor.

I say to my friend Senator Xenophon and the cross-benchers that clearly the mechanism is wrong. I think Senator Xenophon and I are at one in relation to that. The only thing we disagree on is when it should be introduced. We believe it should be introduced now; Senator Xenophon, in four years time—because this magical figure of $400 million has been plucked out of the air. But no modelling has been done. The only modelling that has been done, that of FCAI, cannot be confirmed, but nor can it be denied.

With great respect, I would have thought that in any court of public opinion, if somebody comes up with an argument and shows the methodology by which it was arrived at and someone says, ‘I can’t confirm that,’ but they are given the opportunity to tear it to pieces and show that it is wrong, false and flawed, that might be an argument that we would have to listen to. But Treasury do not say that. They do not go that little extra step to tell you, Senator Xenophon, and others on the cross-benches that this is a flawed approach by the FCAI and that they have done something wrong with their calculations. All Treasury say in dismissing it is that they cannot confirm it. That might be because they have not even bothered trying to confirm it; the fact they cannot deny it is very important. So allow me to ask the minister: how was the sum of $400 million—that nice, round, convenient figure—arrived at?

Senator XENOPHON (South Australia) (7.27 pm)—Firstly, Senator Abetz has warned me that in a few months time I may learn from bitter experience not to rely on these figures. I do not think I am the sort of person who gets embittered. Even if I had a hard day in the Senate, I could always go back to my office and listen to a Missy Higgins CD to help me chill out! Perhaps there has been a misunderstanding—and I did conscientiously read out the substance of the email virtually entirely—

Senator Abetz—Did it say ‘Dear Nick’ or ‘Dear Senator Xenophon’?

Senator XENOPHON—It was written to one of my advisers, so it said neither. I would like to make it clear that what the email states is: There is a break in the data series which means that numbers in recent years are probably not comparable to those before 2003 because of a change in FCAI methodology. It is also not clear to us whether the past industry statistics upon which the claims above are based have a definition consistent with the luxury car tax threshold.

What is clear from the Senate economics committee report is that there has been an increase in the number of vehicles that fall within the threshold from 4.55 per cent to some 12 per cent. The point made by the Treasurer’s office, and I think it is a reasonable one, is that, compared to 1979, it now takes less in terms of weekly earnings to pay for a motor vehicle that is above the threshold and that there have been drops in the price of vehicles with technological advances.

My approach is a cautious one. I think that it is a more robust, better assessment in the longer term to look at CPI rather than CPIMV, but I am taking a cautious approach. I have taken the information I have received from the Treasurer’s office that there would be a significant impact for the forward estimates in good faith, and I have no reason not to take it in good faith. I believe that the responsible thing to do is to have an alternative amendment looking at a sunset clause for this. I am looking forward to the minister’s formal response to the Henry review on the issue of indexation. I think the alternative position to mine is one that draws a line in the sand. To index now would be fraught with considerable revenue risks.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.30 pm)—Thank you for helping to clear up some of Senator Abetz’s misconceptions, Senator Xenophon. I always admire Senator Abetz’s capacity to almost always maintain a straight face while he is putting forth. It is an admiral capacity. A lot of people think that listening to him is like listening to chalk on a board but I quite enjoy the theatre. The figure was arrived at based on a number of assumptions regarding CPI, CPIMV, growth in sales by model, broadly, and economic growth, and it was in line with the budget forecasts. So it was not, as you are trying to suggest, a figure plucked out of the air; there was a basis for it.

Senator Abetz—Which was?

Senator CONROY—The figure was based on a number of assumptions regarding CPI, CPIMV, growth in sales by model, broadly, economic growth and in line with budget forecasts. Senator Abetz was also asking for specific models. You were raising a concern, Senator Abetz, that Senator Xenophon had been privately provided with information that was denied to you. Could I inform you that you requested specific models and specific numbers in sales; Senator Xenophon was talking only about proportions of cars captured in the future and even that, we said, we could not model. The information that Senator Abetz was asking for was not actually provided to Senator Xenophon. It was a different dataset and a different set of information. I thought it was important to correct the record with regard to your last contribution. None of the information that you specifically sought was made available to Senator Xenophon. Senator Xenophon asked if I could confirm that the government has also committed to refer his concerns on the matter of the indexation of a luxury car tax threshold to the Henry tax review. I confirm on the public record that that will be the case.
Senator ABETZ (Tasmania) (7.32 pm)—So does the government believe that there will be a growth in car sales over the next 12 months?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.33 pm)—You make the assumption that it is in line with economic growth.

Senator ABETZ (Tasmania) (7.33 pm)—We have a very interesting situation here: we were told that this $400 million figure, which I will not accept, was based on certain assumptions, including growth in sales—that is what the Hansard will disclose—at a time when the industry is telling us that growth is going south; in other words, in the jargon of negative growth, it is shrinking. Treasury, to boost up a $400 million figure for the consumption of Senator Xenophon, is willing to assert, in a climate where we have a 20 per cent reduction in the sale of cars above the $57,180 luxury car tax threshold, that there will still be a growth experience.

What I would say to Senator Xenophon is this—and somebody might correct me if I am wrong: when the Hawke-Keating government tried to increase the luxury car tax from 30 per cent to 50 per cent, it was such a drain on revenue because people stopped buying the cars that the Hawke government was brought back to the table to amend the legislation back to 30 per cent, because when you have a tax increase you increase the commodity. Cost and demand will tell you that the higher the cost the less the demand and fewer are sold. And, in a climate of reducing luxury car tax category vehicles by 20 per cent, for them to base their $400 million figure on a projected gross is, quite frankly, unbelievable. But I have a question for the minister. Treasury says that they were unable to fully come to grips with the FCAI methodology. Did Treasury bother going back to FCAI to ask for an explanation of their methodology? If not, why not?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.36 pm)—There are a couple of points. Firstly, apparently a 25 per cent luxury car tax is good, because that is what the proposition put forward over there is, but a 33 per cent tax will suddenly cause a collapse in the car industry for four years. Let us be clear about this: this is an estimate based over four years, and even those opposite would not want to try to suggest that the car sector is going to experience negative growth for four years. If that is your proposition, that is fine. If you want to make a simple point for debating purposes, that is fine, but let us not embarrass the debate by trying to assert that your belief is that the car sector is going to have negative growth for four years. But if that is your assumption, as you are trying to assert to Senator Xenophon, then, please, at least come out and say that that is the case, because this is a figure based over four years. According to you, there would be negative growth in the car sector for four years. I just want to get that on the record.

Senator Conroy interjecting—

Senator CONROY—Okay, good. I just wanted to make sure. Could I also confirm that it was the Treasurer’s office that provided the information to Senator Xenophon.

Senator ABETZ (Tasmania) (7.37 pm)—That was a lot of obfuscation and dancing around and trying to hurl quite pitiful insults. I would have thought you could have done better than that, Senator Conroy, but the question was: did Treasury ask the FCAI about their modelling or about their concerns or problems with their modelling?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.38 pm)—Again, we are just trying to get you as accurate an answer as we can, Senator Abetz. You are asking whether or not we could confirm the figures back to 1986, which is what they were based on, when they include a break in the dataset.

Senator Abetz—No.

Senator CONROY—I am just trying to clarify exactly what it is that you are seeking.

Senator ABETZ (Tasmania) (7.38 pm)—I understand from the email forwarded to Senator Xenophon that Treasury advised that they were unable to confirm and they had some potential issues with the methodology because there was a break in the dataset. All I am asking is: did Treasury bother to go to the FCAI to discuss their methodology to see if any of these matters could be resolved?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.39 pm)—No.

Senator ABETZ (Tasmania) (7.39 pm)—I thank the minister for that, and I would hope that my dear friend Senator Xenophon heard the answer. I just asked the minister: did Treasury seek to engage in any discussion with the FCAI about the methodology that Treasury had some concerns about? If they were fair dinkum about this, and if the government was fair dinkum, they would have gone to the FCAI and sought extra information to clarify it to provide some robustness to this rubbery $400 million figure plucked out of the air. But, of course, chances are that, like good, well-trained public servants and good barristers, they did not ask questions they did not know the answers to. And they were undoubtedly concerned that the whole government assertion about $400 million would fall in a heap if they actually took that step of asking the FCAI: ‘Is there some robustness in your methodology? Can we talk to you about it?’ But, no, they had no interest in finding out the facts—no interest in consulting with the FCAI.
to find out whether or not their information was correct.

So I say to my friends on the crossbenches: you are willing to accept Treasury advice on that $400 million figure, which is projected on assumptions, and we are not 100 per cent sure what they are other than that they are expecting growth, but we do not know of what rate or how that $400 million is projected over the forward years. I would be interested to know how much is allocated out of that $400 million to each of the successive years. I would like a break-up of that figure over the successive years from the minister. Can the minister provide us with details of how the $400 million is broken up over the four successive years?

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (7.42 pm)—No.

Senator ABETZ (Tasmania) (7.42 pm)—Accepted at face value, my friends on the crossbenches—plucked out of the air with no basis to it. It was based on assumptions. Surely they would have gone annual assumption by annual assumption, year by year. No! We dispense with that. We treat the crossbenches with absolute contempt, hoping that they will not ask the difficult questions. Well, I think they have asked some difficult questions, but the opposition is going to keep asking a few more difficult questions.

We have a situation where we must now say that Treasury officials deliberately did not seek further information from the FCAI, and they give us this bureaucratic excuse. Mr Rudd would be proud of that sort of language—‘We can’t confirm,’ which is code for, ‘We didn’t bother confirming because we were scared of what the answer would be.’ They cannot deny the FCAI figures. You would have thought that the government was going to implement—what was that little slogan?—‘evidence based policy’. Do you remember that during the election campaign? ‘Our policies are going to be based on evidence.’ Where is the evidence, Senator Xenophon, for the figure of $400 million that was provided in that email to you? There is no evidence backing it up in any way, shape or form other than the say-so of the government. I ask you if you are entitled to accept it at face value, but I ask: why would one accept it at face value when one knows that they have not even calculated it year by year? They are unable to destroy the FCAI assertions. They deliberately do not ask the FCAI about their assertions and their methodology for fear that they might be in fact proven to be correct twice—once by the FCAI and then secondly by Treasury.

I say to my good friends that they are buying a pig in a poke. They have no idea whether that figure of $400 million is robust. Indeed, I would suggest that every indication is it is about as rubbery and as believable as when the Labor Party brought down their sec-

CHAMBER

Tuesday, 23 September 2008 SENATE 59

ond last budget: they said it was either in balance or surplus and we found it to be only $10 billion in deficit. Unfortunately that is the sort of track record we have, Senator Xenophon, from the Labor Party run from a Labor Treasurer’s office, and so that is a matter of concern to us. Some of us have been here before and have had the bitter experience of being willing to accept on face value Labor assertions, only to find out how they fail to live up to the reality. I put to the Senate that there is no substance to this. It is a deliberate sidestepping of the FCAI’s methodology. Nobody has been able to lay a glove on it and, indeed, it would appear that the Treasurer’s office is that concerned about the robustness of it that they do not even want to ask questions about it. How on earth can you believe Treasury in those circumstances?

Question put:

That the request (Senator Abetz’s) be agreed to.

The committee divided. [7.50 pm]

(The Chairman—Senator the Hon. AB Ferguson)

Ayes…………… 32

Noes…………… 34

Majority………. 2

AYES


NOES

On and from 1 July 2012 the luxury car tax increases if the parliament does not deal with this clause and with the default position of ordinary CPI built into the context of this amendment with the sunset this request 1 on sheet 5588.

There to be a reversion to ordinary CPI, the position of that if nothing is done within four years it provides for the CPIMV method of indexation, and this provides for a sunset clause in relation to the current manner of the CPI.

I have just had a lengthy discussion which traversed this with my good friend Senator Abetz. Essentially this provides for a sunset clause in relation to the current manner of the CPI. It forces the government to come back to this place to say what they have done or not done in relation to the whole issue of indexation. Who knows what the Henry review will determine or advise or recommend on the whole issue of this tax and indexation, but it is a mechanism to ensure that the issue of indexation is brought back to this chamber within the requisite period. I know it is not what the opposition wanted but I would urge them to support it because it ensures that there is a mechanism of accountability, if you like, built into the context of this amendment with the sunset clause and with the default position of ordinary CPI increases if the parliament does not deal with this issue.

The TEMPORARY CHAIRMAN (Senator Hutchinson)—I just want to clarify, Senator Xenophon, that this is request 1 on sheet 5588.

Senator XENOPHON—Yes, it is. Should I make reference to the actual number in future?

PAIRS
Brandis, G.H. Sherry, N.J.
Coonan, H.L. Evans, C.V.
Ellison, C.M. Hurley, A.
Payne, M.A. O’Brien, K.W.K.
Ronaldson, M. Carr, K.J.
* denotes teller

Question negatived.

Senator XENOPHON (South Australia) (7.54 pm)—I move the amendment standing in my name:

(1) Schedule 1, page 3 (after line 27), at the end of the Schedule, add:

4 Subsection 25-1(3)
Omit “The”, substitute “Subject to subsection (3A), the”.

5 After subsection 25-1(3)
Insert:

(3A) On and from 1 July 2012 the luxury car tax threshold is the luxury car tax threshold as at 30 June 2012 indexed according to a factor to be determined by the Parliament and to apply from 1 July 2012 or, if such a factor is not determined by the Parliament, indexed annually in accordance with the CPI indexation method provided for by Subdivision 960-M of the ITAA 1997, calculated using the index number referred to in subsection 960-280(1) of that Act.

I have just had a lengthy discussion which traversed this with my good friend Senator Abetz. Essentially this provides for a sunset clause in relation to the current manner of the CPI. It forces the government to come back to this place to say what they have done or not done in relation to the whole issue of indexation. Who knows what the Henry review will determine or advise or recommend on the whole issue of this tax and indexation, but it is a mechanism to ensure that the issue of indexation is brought back to this chamber within the requisite period. I know it is not what the opposition wanted but I would urge them to support it because it ensures that there is a mechanism of accountability, if you like, built into the context of this amendment with the sunset clause and with the default position of ordinary CPI increases if the parliament does not deal with this issue.

The TEMPORARY CHAIRMAN (Senator Hutcheson)—I just want to clarify, Senator Xenophon, that this is request 1 on sheet 5588.

Senator XENOPHON—Yes, it is. Should I make reference to the actual number in future?

The TEMPORARY CHAIRMAN (Senator Hutcheson)—More than likely; otherwise we will just have to ask you.

Senator XENOPHON—I am living and learning.

Senator ABETZ (Tasmania) (7.56 pm)—It would have made sense for this amendment to be further up on the running sheet, I would have thought, but these things happen. At least Senator Xenophon and I know what we are talking about, but we will wait and see if the minister on this occasion does as well.

Can I say to Senator Xenophon that ballooning this out to the year 2012—what is that: four years away, at least one federal election away?—and putting it on the agenda is, I suppose, noteworthy but it really does not do much. I must say I am not attracted one way or the other to the proposition. I do not think it really takes us forward, but the opposition will not be dividing the chamber on this one.

Senator MILNE (Tasmania) (7.57 pm)—The Greens will be supporting Senator Xenophon on this. I am very surprised by Senator Abetz, because the opposition remains confident, I assume, that it is going to win the next election, by which time this is perfect because it will revert to the CPI just as Senator Abetz wants it to. In the event that were to happen, I trust we would not be back in here trying to change it; it will default to exactly what he just argued for, so it is a perfect situation that I thought the opposition would clearly support.

As Senator Xenophon rightly says, the amendment says basically that the government has got four years to address this issue of the indexation and do it through the Henry tax review, look at the whole thing. If we get the kind of tax review that I think most people are hoping for—a big picture and quite a sweeping change to the tax system—then four years hence hopefully the luxury car tax is gone and instead we have, as the Greens have suggested, a phased-in fuel efficiency tax across the whole fleet and so on.

Senator Boswell—We’ll all be riding pushbikes.

Senator MILNE—If Senator Boswell is riding a pushbike in four years then I think we will have had a transformative effect on the Australian community. It is the agenda of the Greens to seek a transformation to a low carbon economy, and if in four years we actually got to the point where Senator Boswell had taken to his bike we will have had a very rapid transition to the low carbon economy. What is more, I argue all the time, it would be better for us all and if that were the case I would be on my bike as well. So there we are.

Anyway, we support Senator Xenophon’s intent here because it really is about not interfering with the forward estimates but putting in place an accountability mechanism to say, ‘Come back in four years time with whatever you have thought about this in the light of all the changes.’ If it is all still as it is now in four years
time, it is a matter of arguing then that it ought not to default to the CPI and that it should stay with the current form of indexation. That is an argument that would need to be put and supported in the parliament four years hence. I suspect that by then this debate will probably be largely irrelevant, but it does put the government on notice that there is an accountability mechanism, and I think that is a good idea.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (8.00 pm)—I indicate that the government will be supporting Senator Xenophon’s amendment.

Question agreed to.

Senator XENOPHON (South Australia) (8.00 pm)—I move:

That the House of Representatives be requested to make the following amendment:

(R3) Schedule 1, page 3 (after line 27), at the end of the Schedule, add:

6 Application

The amendments made by this Schedule do not apply where the contract to make the taxable supply or taxable importation of the luxury car was entered into before 7.30 pm, by legal time in the Australian Capital Territory, on 13 May 2008.

It relates to the retrospectivity of this particular tax. My concern is that if a contract had been entered into prior to 7.30 pm on 13 May, but the vehicle was for whatever reason not delivered until after 1 July, the tax would apply. That to me seems to be fundamentally unfair. Essentially it would penalise those who for whatever reason purchased a motor vehicle prior to the announcement made in the budget but their vehicle was not delivered. I understand that this is something that would not on any reasonable argument be fair, and that is why I have moved this amendment.

I can indicate to honourable senators that I previously circulated an amendment where it made reference to, as I understand it, ‘where the contract or arrangement was entered into’. I accept the view that ‘arrangement’ is simply too broad and that ‘contract’ would be sufficient and, I think, fair in the circumstances. So I urge honourable senators to support this amendment to, in effect, ensure that there is not a retrospective tax increase, which I cannot imagine the government would want to impose upon motorists.

Senator ABETZ (Tasmania) (8.02 pm)—The opposition fully supports the amendment moved by Senator Xenophon. I can indicate that in the event that Senator Xenophon’s amendment is carried we of course will not be pursuing our amendment, which is the next one on the running sheet.

We as an opposition are of course very gracious and willing to allow Senator Xenophon to move this amendment, which is, in fact, in identical terms to an amendment that we moved. The reason I say that, albeit sort of tongue-in-cheek, is that as soon as the government made this announcement with its retrospectivity we as an opposition announced that we would be opposing this retrospectivity on a matter of principle. We made that announcement even before Senator Xenophon took his seat in this chamber.

We in the opposition are very strongly of the view that this sort of retrospectivity in taxation should not be countenanced by any side of politics. Allow me to briefly explain what the current proposed legislation would do. For somebody who in good faith ordered a car on, say, 1 May 2008 with a delivery date after 1 July 2008, Labor would say that they should pay the new 33 per cent luxury car tax albeit when they entered into the purchase contract—and, chances are, they would have entered into their finance contract when they worked out all their dollars and cents, including their stamp duty liability—they would then be whacked with this extra impost of an extra eight per cent because they could not get their car before 1 July.

And of course the extra tax would then have the multiplier effect on the stamp duty payable to the state government.

We believe that Australian citizens as much as possible ought to be allowed to go about their business without the prospect or without the concern that they could face a further tax impost after having entered into a legal arrangement such as a binding contract. It is interesting that the government did not slip a note across to the crossbenches to suggest that this might have another $400 million impact, or blow some other hole, because I think in their heart of hearts they acknowledge that it is unconscionable. Unfortunately, Treasurer Wayne Swan has defended this retrospectivity, which I would have thought most people would say is just unfair. You make your business arrangements, you organise your loan agreement, you add up your dollars and cents, you try to work out how much you have to pay for a new car, and then, having entered into the contract before budget night, all of a sudden after budget night if the vehicle is delivered after 1 July you will face this impost. The amendment that we had mooted before Senator Xenophon moved his amendment is a principled amendment and we in the opposition fully support it.

Senator MILNE (Tasmania) (8.06 pm)—The Greens support this amendment, but I do have to put the record straight and say that when this measure was introduced into the Senate the opposition indicated it would vote against this bill. There was no talk of amendments then; there were no amendments tabled. At that point, Senator Xenophon flagged that he would be developing amendments to that effect, did so and they were written and available in the negotiation the first time around. It was at that point that the opposi-
tion was determined to just vote down the bill. I acknowledge that one of the concerns that the coalition had in opposing the bill was the retrospectivity, but there were certainly no amendments on the table because the intention was to vote it down. It has only been since the bill came back with the prospect of being passed that the coalition in fact mimicked Senator Xenophon’s amendment. Therefore, I think it is entirely appropriate that we have his amendment on the table now and we will vote for it. I think it is a good thing that it is going to get up, because it is the right thing to do, but I think we should have an accurate take on what occurred.

Senator FIELDING (Victoria—Leader of the Family First Party) (8.07 pm)—Family First will be supporting this amendment because it is about retrospectivity. In other words, if someone placed an order before the date in May, all of a sudden when they took delivery of their car they would end up paying more which they would have had no idea about. Quite clearly, this is something that needs to be fixed and Family First supports the amendment.

Senator XENOPHON (South Australia) (8.08 pm)—I think it is clear that Senator Abetz is long opposed to issues of retrospectivity, and I do not want to spend too much time on this. I would have been quite happy for the opposition to have moved this amendment. I think it was just the order of the running sheet. I think it is good that there is some widespread support for this amendment. I respect the opposition’s position. They oppose the bill in its entirety but they did have a particular concern about retrospectivity. At the end of the day, we all want to do the right thing in relation to this particular issue. I also acknowledge Senator Milne’s remarks, but I think it just so happens that my amendment was brought up before Senator Abetz’s, and I would have been quite relaxed and comfortable if his was brought up before mine.

Senator ABETZ (Tasmania) (8.09 pm)—Senator Milne sometimes just cannot help herself. The suggestion that the opposition might actually do something that she agrees with causes her such a problem that she has to obfuscate and twist and turn—

Senator Milne—Madam Temporary Chair, I rise on a point of order. I would like to point out that today in a dissenting report on the carbon sink forests inquiry, there I was—Senator Milne—with Senator Boswell, Senator Nash, Senator Joyce and Senator Heffernan. I love to agree with so many people!

The TEMPORARY CHAIRMAN (Senator Carol Brown)—Senator Milne, there is no point of order. Senator Abetz.

Senator ABETZ—The people listening in will have heard the Australian Greens yet again abusing the forums of this chamber pretending to be the champion of the Senate. What I was saying before Senator Milne raised her pathetic point of order in a desperate attempt to stop me in my stride from making my point was this: as soon as this matter was announced, within a matter of days we as an opposition announced that we would consider the luxury car tax in some great detail, but one aspect we would not countenance was the retrospectivity of it. We announced that long before we announced our total opposition to the luxury car tax legislation because we wanted to go through it with a fine tooth comb. Indeed, there is media story after media story indicating that that was our very principled position. But, of course, Senator Milne, who comes into this debate very, very late in the piece, would not be aware of all that prior history, but in a desperate attempt to make a cheap political point seeks to completely distort the history and the facts of this situation.

We as an opposition came out within a matter of days after the federal budget announcement saying we would oppose the retrospectivity and the other aspects of the luxury car tax we would examine in some detail prior to determining our final position. That is clearly on the public record. You really do have to ask: what motivates a senator, clothed in absolute ignorance of the facts, to get up and make such a misrepresentation of those facts? You have to ask what motivates it. What is it that goes on in Senator Milne’s mind that she thinks that she somehow value-adds to this debate by distorting the facts? And, might I add, they were the objective facts. We issued media releases about that. We were reported in the media. I did radio interviews about it and was asked: what is your position on the luxury car tax per se? My answer was, ‘We are still considering it.’ That is well and truly on the record.

Having further examined the luxury car tax, we believe it to be fatally flawed, but what we are witnessing this evening is all the cross parties supporting and voting with each other in relation to amendments that are, in fact, inconsistent and not normally within their policy framework and within their policy structure. Undoubtedly, the deals have been done, and that is fine, and the numbers will fall where they will. But I will not allow the Australian Greens to so distort the history of what occurred in relation to the opposition’s very principled stance virtually from day one.

The TEMPORARY CHAIRMAN—Just to clarify for the Senate, there is a three-word difference between Senator Xenophon’s motion and the opposition’s motion.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (8.14 pm)—I indicate that we will also support Senator Xenophon’s amendment.

Question agreed to.
Senator ABETZ (Tasmania) (8.14 pm)—As indicated earlier, I withdraw opposition request (5) on sheet 5590.

Senator FIELDING (Victoria—Leader of the Family First Party) (8.14 pm)—I move:

That the House of Representatives be requested to make the following amendment:

(1) Page 3 (after line 27), at the end of the bill, add:

Schedule 2—Refunds for primary producers and tourism operators

A New Tax System (Luxury Car Tax) Act 1999

1 At the end of section 2-10

Add:

(4) Refunds can arise for primary producers and tourism operators in certain circumstances. (Division 18).

2 After Division 17

Insert:

Division 18—Refunds

18-1 What this Division is about

Refunds under this Division may be available to primary producers and tourism operators for the supply of certain cars.

18-5 Refunds for tax borne—primary producers

(1) You are entitled to a refund under this section if:

(a) you have a refund entitlement under this section; and

(b) you are "registered; and

(c) no one else has made a valid claim for a refund in relation to the refund entitlement.

(2) You have a refund entitlement if:

(a) you have "borne luxury car tax on the supply, or "importation, of a "refund-eligible car; and

(b) the Commissioner is satisfied that:

(i) you will use the car solely for the purpose of carrying on a business; and

(ii) the principal purpose of the business is carrying tourists for "tourist activities.

(3) The amount of the refund for a refund entitlement under subsection (2) is the lesser of:

(a) $3,000.

18-10 Refunds for tax borne—tourism operators

(1) You are entitled to a refund under this section if:

(a) you have "borne luxury car tax on the supply, or "importation, of a "refund-eligible car; and

(b) at the time of the supply or importation you are carrying on a "primary production business.

(2) You have a refund entitlement if:

(a) you have "borne luxury car tax on the supply, or "importation, of a "refund-eligible car; and

(b) at the time of the supply or importation you are carrying on a "primary production business.

(3) The amount of the refund for a refund entitlement under subsection (2) is the lesser of:

(a) $3,000.

18-20 Payment of refunds

If you are entitled to a refund under this Division and you have claimed the refund, the Commissioner must, on behalf of the Commonwealth, pay the amount of the refund to you.

3 Section 27-1

Insert:

"primary production business" has the meaning given by section 995-1 of the "ITAA 1997.

4 Section 27-1

Insert:

"refund-eligible car" means a 4 wheel drive, or all wheel drive, "car of a kind specified in regulations made for the purposes of this definition.

5 Section 27-1

Insert:

"tourist activity" has the meaning set out in regulations made for the purposes of this definition.

6 Application

The amendments made by this Schedule apply to taxable supplies of luxury cars and taxable importations of luxury cars on or after 1 July 2008.

This request provides exemptions to farmers and tourism operators who rely on their four-wheel drives. We know that farmers and tourism operators are doing it tough, and this tax should not hit farmers and tourism operators. No-one has suggested to me that farmers and tourism operators should not be exempted. I think that is what I am hearing around the table. Some have said, though, that others should be exempt from this tax. There may well be an argument for that, and others can make their case. Family First has said that farmers and tourism operators should not be hit by this extra tax.
and that is why I have moved this request for amendment.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (8.15 pm)—Senator Fielding raised his concerns about the impact on farmers and tourism operators with the government. The government will support Senator Fielding’s amendments to provide a refund of the increase in the luxury car tax to eligible primary producers and tourism operators. The government is satisfied that the amendments will not impose an undue burden on business and have protections in place to reduce the possibility of abuse.

Senator ABETZ (Tasmania) (8.16 pm)—The opposition will be opposing this amendment. This amendment is the worst case of window-dressing that we have witnessed for quite some time. I would invite Senator Fielding to, in fact, have a look at his speech of 3 September and see how the amendments he is putting forward today match up with his statements. I remind him that he acknowledged ‘this tax increase is a blatant tax grab’. It is. He is right. Why would you vote for a blatant tax grab, even if it is going to be a few million dollars less. Especially when you acknowledge, as Senator Fielding so rightly did, and I quote:

... there are also small businesses that depend on their cars as a tool of trade but their vehicles do not fall into those exemptions. Small tourism operators and farmers are two important groups who will get slugged by this tax increase.

He is right. I say to Senator Fielding and the cross-benchers: there are a lot more groups out there in the community than just primary producers, or farmers, and tourism operators. Indeed, at the time Senator Fielding referred to ‘small tourism operators’. If you have a look at the detail of Senator Fielding’s amendment, you see that there is no limit to the number of vehicles that a tourism operator can buy in any one year. It could be 100 new motor vehicles, and Senator Fielding would still call them a small tourism operator according to his speech. But the one-man band who happens to be the local vet, the local plumber, the local fencing contractor, the local Australia Post contractor or the local general practitioner somehow gets forgotten. The big tourism operator, who might be buying 100 vehicles a year, is okay but all these other small businesses are not. Senator Fielding went on to say:

Family First also wants to see an exemption or some other way for four-wheel drive vehicles that are registered in rural areas, in recognition that families in rural and regional Australia are doing it tough.

What a great idea. We support the concept. That is why we moved a request for an amendment to exempt all vehicles from this iniquitous tax up to a threshold of $90,000. Guess who voted against it? All the cross-benchers—because they have done deals with each other inconsistent with their own policy pronounce-

ments. Families are doing it tough in rural and regional Australia. I do not know why Family First think that it is only primary-producing families and tourism families that are doing it tough. Do Family First think that the local plumber is not doing it tough—or the local vet, the local fencing contractor, the local electrician and his or her family are not doing it tough? Of course they are, but they are not going to be looked after.

So what we have with Family First is a case of ‘all families are equal but some are more equal than others’. This is nearly like an Orwellian overtone, isn’t it? If you are a primary-producing family, Family First is with you. If you are in the tourism game, Family First will look after you and your family. But woe betide you if you are a plumber in rural or regional Australia—sorry, you are in that second category of families that Family First is not that concerned about. Quite frankly, I find it amazing that my good friend Senator Fielding and Family First have come to this position and accepted this position from the government. It is a sell-out of rural and regional Australia other than primary producers.

Let us move on to the definition that has been proffered to us in these amendments of what ‘a primary production business’ is. It is a whole lot of things, but it should be very interesting for supporters of the Australian Greens to learn that the Australian Greens will, in fact, be supporting this amendment when they take a look at what it includes. You get the exemption if you are buying a four-wheel drive vehicle for the purposes of primary production. The amendment states that you carry on a primary production business if you carry on a business of felling trees in a forest. This is going to be a tax break for those forest workers who harvest the old growth forests of Australia.

I do not mind that. I confess that our amendment, which was a catch-all, would have allowed for that to occur. We believe that everybody in that bracket of up to $90,000 should be exempted. The Australian Greens have lectured us for I do not know how long about the need for low-emission vehicles and about how they were setting the scene for Australia by becoming more responsible with fuel consumption. They are now all of a sudden providing tax relief for vehicles that consume up to 14.5 litres per 100 kilometres so that they can go about their job of harvesting Australia’s forests. It would be quite funny if it was not so sad and, in fact, two-faced. We support the forest industry. We have a very proud record of doing that.

The Greens and Family First, in their bizarre dealings that quite frankly nobody has been able to explain in this debate, are now voting for each other’s amendments in complete contradiction of what I believed these parties stood for. There are 34,000 breadwinners in the Australian car industry, most of them in the state of Victoria. The amendment that we as an opposition
moved would have exempted, in effect, all Australian made vehicles from this extra tax impost. But Family First, which is based in Victoria, voted against out amendment—I do not know why—and supported an amendment which will make about 35 imported vehicles cheaper to purchase than Australian made vehicles. Do not tell me that that is not going to have a direct impact on the livelihoods of those 34,000 families who have breadwinners in the car manufacturing sector. There will be job losses as a result of this, let us make no bones about it. If you jack up the price, if you increase the price, you get fewer sales.

What does the automotive sector tell us? That it is in the higher price bracket vehicles that they start making a profit. About 10 per cent of the vehicles that are hit by the luxury car tax are Australian made. They will be hit. And, might I add, not one of the amendments that we have before us, whether Greens amendments or government amendments—there is a bit of confusion there; we might as well call them the Greens-Labor coalition amendments—benefits a single Australian motor vehicle. The government has acknowledged that. I took a look at Senator Fielding’s amendments to see whether there might be benefit, and there might be with the Ford Territory Ghia—possibly.

Then we have the very interesting aspect—and I will have to canvass this a bit later on, I fear—that in Senator Fielding’s amendment dealing with tourism operators we have the suggestion that the government might pass regulations and allow for other vehicles to be exempted. This Senate is entitled to know what, if any, deal has been struck between the government and Family First as to what vehicles they are going to exempt under the proposed regulations. Why can’t they have been legislated for, as they were with the emissions amendment from the government and the Greens? Specific reference was made to four-wheel drives by Senator Fielding in his amendment. But then there is a regulation that might allow other vehicles. What deal has been done? What vehicles and why?

I would also like to know why primary producers are only to have one vehicle exempted per annum under this proposal. If you are a small business and a primary producer, you are only allowed to have one vehicle per annum exempted. But if you are a small business and a tourism operator, you can have as many vehicles as you like exempted. Where is the fairness? Where is the justice? Why is it that a farming family is only worth one vehicle whereas a tourism family is allowed to have as many vehicles as it wants exempted from this tax hike—or tax grab, as Senator Fielding described it?

These amendments are very disappointing. But I would be very interested if Senator Fielding could respond to some questions. Why has a limit been placed on primary producers of only one vehicle but tourism operators have unlimited access to the exemption? Why does it only cover primary producers and tourism operators and not the hosts of other people who are doing it tough, as Senator Fielding acknowledges, out in rural and regional Australia?

Why do we have a mechanism under which these poor struggling families doing it tough, as Senator Fielding acknowledges, have to first of all come up with the money for this tax? Why do they have to extend their overdrafts for the privilege of paying this tax only to have it rebated to them at some later stage? Why not just exempt them from the tax and save them from having to increase their overdraft facilities? They will be paying interest on these funds for the sole purpose of paying the money and then having it paid back to them, one would imagine, a couple of months later. I thought that Family First was about looking after the interests of small business yet we have this bureaucratic and very costly mechanism being applied to this proposition. I would like to know why and how that helps small businesses, especially family businesses.

Senator IAN MACDONALD (Queensland) (8.30 pm)—I want to ask Senator Fielding a question. If I understand the amendment correctly, it allows for one vehicle per year for a primary producer, as defined in the tax act, to be exempt from this luxury vehicle tax. I did ask this question of Senator Conroy earlier on when you were not here, Senator Fielding. I would be interested to know why in the tourism industry it is, as I understand the amendment, unlimited so you could buy 10 tourist vehicles. If it is a good business decision to do that then that is the right way to do it. That is good for the tourism industry because it addresses the concerns we have and the concerns Senator Fielding has as well. But why is it only one vehicle per year for primary producers?

I understand that Senator Fielding has many things to do and may not have been listening to my arguments before. Perhaps it is different in Victoria, which is a smaller state and the farms there are not quite as big and the scale of farming production is not quite the same. But certainly in the north-west of Queensland there are huge properties. I was there just recently. It is not unusual to have five Toyotas with all the additions—the winch, the bull bar, the spotlights and the things that do take it up into the luxury car category. There could be five on a property. I was on a property where I saw about a dozen and only half of them would have been in. I suppose these properties could buy one a year for the next 25 years but by the time it got to the first one would be a heap of metal falling apart.

I give this as a real example: you have a vehicle that is used on the property but you also have a similar vehicle used by mum to take the kids into school. If you live in Melbourne, Sydney or Brisbane the school is in the next suburb, or you take your child down to the bus
stop and they get public transport. In places up in remote Australia, mothers drive their children 50 kilometres to get them to school, drive back home and come back in the afternoon and pick them up. I can give the exact case of Georgetown in Queensland. The state government will not put on a bus service so mothers up on the Gilbert River have to drive their kids 30 or 40 kilometres twice a day every day. You would not put them in a Holden or Falcon; you would put them in a decent four-wheel drive with air conditioning—

**Senator Cormann**—As you would in the north of Western Australia.

**Senator IAN MACDONALD**—Yes, and the same in the north of Western Australia. Air conditioning is not luxury up there; it is essential. You would put a bull bar on because the chances are that in any year you would knock over a couple of kangaroos and if you are unlucky you would probably hit a beast as well. If you are travelling at night you do need to have decent spotlights. You might have Shoo Roo, although mine never seemed to work. It all adds to the cost. There might be a manager on one of these properties. He might not be the primary producer strictly so-called. Perhaps the manager of a property does use the primary producer’s basic four-wheel drive but perhaps his contract does not allow his wife to have a primary production four-wheel drive to take the kids into school. The manager has his own personal four-wheel drive. They will have to pay the luxury tax. It is not something that anyone in Canberra would appreciate or understand. In Canberra you go down to the end of the street and there is a school there. You go half a suburb away and you have a shopping centre. That does not happen in the bush.

So I am curious. Perhaps I have your amendment wrong, Senator Fielding. Perhaps it is more than one vehicle. That is a concern to me. Senator Abetz, quite rightly, said, ‘Sure, I’m glad we are looking after the primary producers, but what about all those people Senator Abetz mentioned? I will not dwell on them but simply run through them. It could be the mechanic, the contract harvester, the contract fencer, the vet or the mailman. It could be any of these people who live in places all over Australia. I have just come back from the north-west. Let me name them: there is Einasleigh, Forsayth, Georgetown, Normanton, Croydon, Karumba, Burketown, Richmond, Hughenden and Julia Creek. That is just a few up in the north-west. They are little communities where there are people who are not primary producers but for whom a four-wheel drive with bull bars, air conditioning, spotlights, et cetera, which take them into the luxury car tax category, are essential. Why are they not getting the same break that primary producers are getting?

I am glad we are doing it for primary producers, although one a year is not realistic, but why not other people? There may be an explanation, Senator Fielding. I will sit down and hear the explanation. If I have this wrong I will speak again to apologise. But I really would like to know why we are looking after certain people and not others.

Let me just also indicate that I am slightly confused about where the luxury tax goes. If you buy a Toyota LandCruiser or a Nissan Patrol in Melbourne, you would get it straight off the ship. If you buy it in Mount Isa or Mareeba or places in remote Australia—and I am using Queensland as an example because I come from there—and I am sure it is the same up in the north-west of Western Australia, in the Kimberley, or you buy it in Alice Springs, it is more expensive, for all the right reasons. It is just another impost on country people, people who do not have an alternative. There are no trains, there are no taxis, there are no buses or carriers that can pick up your groceries and deliver them home. I am just concerned about that.

I know that Senator Fielding has a real interest in families generally and certainly families in remote and regional Australia who really do it hard. I do not think any of them would change their position—they are there for a reason. Quite frankly, rural and particularly remote families do it tough and this legislation will impact on them. I know that Senator Fielding has done a deal with the government to try to address this issue and I appreciate that he has done that, but I do not think that he has addressed it properly. I may be wrong, so please, Senator Fielding, explain it to me.

**Senator ABETZ** (Tasmania) (8.39 pm)—I invite Senator Fielding to respond to those questions because they really are genuinely important questions that I believe do demand an answer especially in circumstances where Senator Fielding previously gave a speech saying that this was a tax grab. He then went through all the problems with this tax. Since then he has come out accepting a deal where he has supported the price reduction of 25 imported vehicles at the expense of the Australian motor vehicle manufacturing industry and has then limited himself to amendments which will be quite minuscule.

I somehow think that Senator Fielding thought that he was getting a Rottweiler pup, whereas in fact he got a Shih Tzu pup instead—a little lapdog for a bit of comfort as opposed to that which he was going to so solidly support, and that is the rural and regional areas of this country and the families doing it tough out there. Now we are only doing it for primary producers and tourism operators and in circumstances where the government has sold him the idea on the basis that they might introduce regulations in relation to tourism operators. I would have thought that the activities that will be allowed—and even those would be further regulated—indicates what the government’s intention here is. It is to restrict this as much as possible.
Also I would like an answer as to why in his pro-
posed amendments he says that a tourism operator only
gets a refund entitlement if the commissioner is satis-
fied that the person will use the car solely for the pur-
pose of carrying on a business. Does that mean there-
fore that, if you allow somebody—an employee, for
eexample—to take the car home and they divert for half
a kilometre to buy a litre of milk on the way home, that
you could no longer honestly assert to the Tax Com-
misssioner that the vehicle was used solely for the pur-
poses of carrying on a business? As a result, the tax
exemption would be forfeited.

Then it begs the question: what happens if you see
somebody stuck at the side of the road? Do you offer
them a tow or not? Is that for the purposes of carrying
on a business? You see somebody hurt on the side of
the road that needs to be taken to hospital. Are you not
carrying on a business if you do that and you lose your
tax exemption? I ask Family First: did they canvass all
these sorts of questions with Treasury and with the
government before accepting what now looks like a
very tawdry deal between Family First voting for vehi-
cles being exempted, which I am sure in his heart of
hearts Senator Fielding cannot accept.

What I want to know as well is: why he would have
voted to exempt completely those 25 imported models
from not only the eight per cent increase but also from
the existing 25 per cent that currently applies, com-
pletely exempting 25 makes of foreign imported motor
vehicles? Yet the deal that he got for primary produc-
ers, that he acknowledges are doing it tough, have got
the exemption not from the full 25 per cent and eight
per cent, as with these other imported vehicles, but
only the eight per cent increase. Is the green cohort
that drives the Alpha Romeo, the BMW, the Audi or what-
ever else more deserving than the primary producers? I
am just wondering why the deal was struck in the
manner that it was especially with these open-ended
regulations that really mean that Senator Fielding does
not know what he is getting—and I think we need
some clarity on this, Madam Deputy Chair—unless
there has been a deal and an indication has been given
to Senator Fielding about what the government will do
in relation to the regulations and, if that has been done,
then I think we as a Senate are entitled to know what
that deal is.

Senator BOSWELL (Queensland) (8.44 pm)—I
would like to direct to Senator Fielding—through you,
Madam Temporary Chair—a couple of questions. Are
fishermen primary producers, and will they have ex-
emptions from the luxury car tax? Would kangaroo
shooters, who use these four-wheel drives because they
have to, be considered primary producers—because
they are, I suppose, the very basis of hunting and gath-
ering and primary industry? If you go out into the Abo-
riginal communities you see that they all use four-
wheel drives—the councils and the people own four-
wheel drives. It is not a luxury there; it is a necessity,
complete with bullbar, spotlights and all the extras that
take it well over the luxury car high jump. I do not
know why you would exclude Aboriginals, kangaroo
shooters or fishermen—and probably the flying doct-
tors, too; they are people who use four-wheel drives.
They are very worthy people who provide great ser-

vices to regional and western communities.

You see, once you try and draw a line around pri-
mary industry, there are many people excluded who are
on the fringes of primary industry and maybe even
primary producers, such as fishermen and kangaroo
shooters. The thing that I cannot understand—and I
will be listening with great interest—is how you draw
the difference between the primary producer and the
shearer, the guy who does the mulesing, the guy who
fixes the windmill or the engines or the mechanic who
goes around the properties to service them. No-one can
understand this; it is not just me. No-one in this place
can understand why you would want to divide a com-

munity and say, ‘You’re in and you’re out.’ But we
have been through this debate, and this is the first op-
portunity that I have had to have you throw some light
on why you would divide people from primary indus-
try and why there would be any difference between
two people who are working and living in a town or
adjacent to a town. The reason they have to drive four-
wheel drives is that it is a safety issue out there. It is
not a luxury issue; it is a safety issue. Senator Fielding,
if you can throw some light on that and answer my
questions about Aboriginals, fishermen and kangaroo
shooters, and give me a reason for the difference, I
would really appreciate it.

Senator FIELDING (Victoria—Leader of the Fam-
ily First Party) (8.48 pm)—I listened to a whole range
of issues there. If the opposition had their way, they
would probably exempt everybody and throw the tax
out—oh, that is what you are trying to do! Is that what
you are want to do—to exempt everybody whether you
are from here or there.

The TEMPORARY CHAIRMAN (Senator Carol
Brown)—Senator Fielding, please address your re-
marks through the chair.

Senator FIELDING—I do not know whether Sena-
tor Boswell has had a look at all at the act that has al-
ready been passed. The coalition have supported the
car tax in the past. I do not know whether you have had
a chance to read the part of the act where it defines
‘primary production business’:

you carry on a primary production business if you carry on a business of:

(d) conducting operations relating directly to taking or catching fish …
What I have heard here tonight is a grab bag of exemptions here and exemptions there. Family First made it quite clear that we are not going to be obstructionist. We said we would look at it, and we raised concerns. The opposition come in here and say, ‘Look, this is no good because the number of vehicles is unlimited for tour operators.’ That is good news, isn’t it?

Senator Ian Macdonald—Yes, I said that.

Senator Abetz—Not for farmers.

Senator FIELDING—But it is good news. Then you bag it for that reason. Then you go on and bag it because it supports forestry. Could you find any other reasons to bag this amendment? It is a good amendment. It is good news; it is not bad news. Then you say that it hits 10 per cent of Australian cars. What about the 90 per cent that are exempt Australian made? You cannot have it both ways.

Senator Abetz—What? Ninety per cent aren’t impacted at all.

Senator FIELDING—I do not understand you. You said this tax impacts those people from there. There is the other one about why farmers are limited to one vehicle. Over 10 years, they can get 10 vehicles. Then you look at some other issues about how it is too complex and not easy to do. It is a simple matter, at this stage, of claiming a refund. I do not think it is going to take that long to get the refund back. Rather than looking for the negatives of this amendment and looking for ways to shoot it down, you should be supporting the amendment. As I said before, there may be many other cases that you could bring forward, but if you bring them all up then you are exempting everybody. I do not think that that is the spirit of the Senate, given that in this place both sides of parliament have supported the idea that there be a luxury car tax. Family First have said that it should not apply to farmers and tourism operators and have gone about doing that.

Senator IAN MACDONALD (Queensland) (8.51 pm)—I thank Senator Fielding for that, but he really did not answer my question. I indicated to you that I thought your arrangement with tourism operators was appropriate.

The TEMPORARY CHAIRMAN (Senator Carol Brown)—Are you continuing, Senator Macdonald?

Senator IAN MACDONALD—I am asking Senator Fielding a question.

Senator Fielding interjecting—

Senator IAN MACDONALD—The rules of the Senate do not allow me to talk to you directly, Senator Fielding, but I am asking you a serious question. I appreciate your comments regarding tourist operators. I for one support that, and I am sure the tourist operators up my way will be very pleased, so thank you for that. I also support you on the primary producers. That is good. Well, it is as good as far as it goes. You said they can buy one every year for 10 years. Senator Fielding, I am just trying to indicate to you that vehicles do not last long there, and Victoria is different to Queensland, Western Australia or the Northern Territory. Every day of the week they go through potholes and bulldust, and they go through slush when the floods come. They even go under water with the—

Senator Sterle—It’s called a snorkel.

Senator IAN MACDONALD—Thank you—snorkels on them. They do not last 10 years. The Toyotas, Nissans, Fords and so on are great vehicles but they do not last. As I said, I have just been to a property where they grow cattle, fodder crops and other things, and there would be a dozen vehicles there. So you would only be giving an exemption to some. That is the difficulty of making these sorts of deals. Senator Abetz’s amendment was so much better because under $90,000 you would look after the tourism operator, the farmers, the vet and everyone else and you would get the 10 Lamborghinis that are sold in Australia every year, the Bentleys and so on.

You ask about giving exemptions to the vet, the plumber and the fencing contractor, as well as the roo-shooter and others that Senator Boswell mentioned, and say that, if you gave the exemption to them, you would not get any money for the government. Hang on, the government have a $22 billion surplus thanks to Peter Costello and the country is in pretty good nick. Why pick on the vet, the run-shooter and the mechanic to pay the government $550 million when they do not really need it? You are picking on some people. You are not picking on the people who live in the cities who can walk their kids to school. You are picking on the people in remote Australia who do not have an alternative.

I attribute good faith to you, Senator Fielding. You are right in saying that we support whatever concessions you have been able to negotiate with the government. That is good, and it is better than what the Labor Party have done. They have no interest whatsoever in people outside the capital cities. They do not seem to have much interest in the manufacturing workers either, but that is their business more than mine. I am concerned about people in country Australia who do it tough and who always end up paying more. Sure, when we were in government we gave them a little bit back. Remember that we had a Regional Partnerships program? That used to try to even the balance for people in country areas, but that is all gone now.

Senator Sterle—Shame the Nats rorted it!

Senator Conroy interjecting—

Senator IAN MACDONALD—The Labor government wanted to save money, so who did they attack? They attacked the country people yet again. With respect to Minister Conroy and Senator Sterle behind
him, things are pretty good in Perth and Melbourne, but they are not quite so hot in the country areas. You knock off Regional Partnerships and you put this luxury tax not on the Lamborghini drivers, who are all mates of the Labor Party in the capital cities these days, but on country people yet again. How fair is that? I do not want to name them here, but we know a lot of millionaires who support the Labor Party, people who supply planes to Labor Party operatives to jet around the world. We could talk about a couple of Labor Party politicians who are the sorts of people who should be paying luxury taxes not just for cars but for their Rolex watches, jewellery and those sorts of things as well.

Senator Conroy—I don’t even have a watch!

Senator IAN MACDONALD—I do not think you are one of the millionaires, Senator Conroy. But there are a couple of your colleagues who, if you are looking at luxury taxes—

The TEMPORARY CHAIRMAN (Senator Carol Brown)—Senator Macdonald, please direct your remarks through the chair.

Senator IAN MACDONALD—Thank you, Madam Chair. If the Labor Party were interested in taxing luxury goods then why not have it on jewellery, gold records and those sorts of things? There could be a luxury tax on some of the fine wines that are around. These are the sorts of things that we read about—I do not know about this, but I cannot wait for Mr Costa’s book—in some of the deals between the Labor Party and the very wealthy in this country. If you want to raise some money, let’s have a luxury tax that actually addresses luxury items. Let’s not put the luxury tax on vehicles that are essential for the people in the country who are doing it tough. The people that this tax will mostly affect are not the Lamborghini drivers, who are mates of the Labor Party, or the jet owners. Do we have a luxury tax on jets, by the way?

Senator Abetz—No, we don’t.

Senator IAN MACDONALD—There are some very wealthy businessmen who fly Labor Party operatives round the country. Have we got a luxury tax on them? Or are we going to tax the mum out in country Australia who drives her kids to school and back every day? Senator Fielding, I know that you are not part of this. You are trying to do the right thing. But ask yourself: why isn’t the Labor Party taxing the real luxury items? Why isn’t the Labor Party putting a tax on the real luxury goods in this country and not the essential goods, which are four-wheel drives with a bullbar, some spotlights, a winch and air conditioning to deal with 40-degree temperatures?

Sure, Senator Fielding, I appreciate what you have done for the tourist operators, and I appreciate what you have done for one vehicle up in the north. But the primary producer is using his vehicle on the farm and the carer who takes the kids to school has to have the other one, and they will pay the luxury car tax on that. Why? On your own admission, Senator Fielding, you do not want to destroy the government’s budget tax measures; you want to make sure that they get their revenue—and that is a creditable thought on your behalf. But why don’t we tax the real luxury items, not the essential items? Tax the jets, tax the Rolex watches, tax the jewellery, tax the gold record collection—tax those things that really can be said to be luxury items. Please do not tax an essential means of transport for people who live in remote and country areas of Australia.

I did not want to spend this much time but Senator Conroy has baited me to get annoyed and quite emotional about the fact that this is a luxury tax on a necessity. But you are not taxing real luxury items, which you could easily do. Why that is one could only imagine. But, please, Senator Fielding, if we are going to do this, can’t you take the exemption out a little wider. I do not know how you would do it. Do you say two exemptions for a farming family? If you have two, what about three? What about four? This is why Sen Abetz’s amendment was so very sensible. Perhaps Senator Abetz was a bit generous. Perhaps, Senator Fielding, if you were inclined, you could move an amendment along the lines of Senator Abetz’s, but rather than it being $90,000 make it $80,000. I do not know; I do not have the figures. That would make it more equitable. That would mean that on a farming property not only would dad presumably; I do not want to be sexist here—who goes out and uses the vehicle on the farm for primary production matters, get it not as a luxury car but also mum, who has to go and do the groceries and take the kids to school, would get it, a typical family arrangement. Or it could be the roo-shooter, whose sole means of livelihood requires him to have a pretty good four-wheel drive vehicle, not one of the cheap ones that will fall to bits in half a year but a fairly substantial vehicle. However, for the roo-shooter, it is a case of, ‘Sorry about that; you pay luxury car tax.’ And never mind the vet, the animal doctor! And what about the people’s doctor? If you get around in these sorts of places, you also need a four-wheel drive—and you do not want a cheap one that will disintegrate with the first kangaroo you hit and you find yourself back in hospital. You want a decent four-wheel drive with a bullbar, air conditioning and a spotlight. I heard one of the Labor people say, ‘Air conditioning—what a luxury item that is!’ I challenge you, Senator Conroy—I know you are a Transport Workers Union guy; you probably drove trucks all over Australia, right up on the Darwin run up to Kununurra.

Senator Sterle interjecting—

CHAMBER
Senator IAN MACDONALD—You have done that, have you? Would you ever drive a truck without an air conditioner? Tell me that.

Senator Sterle—Yes, my first four didn’t have air conditioning.

Senator IAN MACDONALD—What about your last 20—did they have air conditioners? Don’t talk to me; I guarantee that if you are a truck driver it is a long time since you have driven in a cab that was not air conditioned—and neither should you. I am surprised that any union man would suggest that people should not drive air-conditioned trucks when they are going from Cairns to Karumba to Darwin to Kununurra to Broome. They are essentials, not a luxury. A Rolex watch is a luxury, a jet plane is a luxury, jewellery is a luxury—all those things are luxuries. Air conditioning in a four-wheel drive is not a luxury. Senator Fielding, this is the trouble: where do you draw the line? In all good faith, you said, ‘Yes, let’s exclude primary producers one vehicle.’ I can understand that but once you start saying, ‘If you have one, that’s okay but if you have two’—as I said earlier, it is a bit like the uranium policy: if uranium comes from three mines, it is good uranium; if it comes from a fourth, it is bad uranium. It is a bit like a vehicle. One primary production vehicle is good—

Senator Conroy—It’s a bit like 25 per cent good and 33 per cent bad.

Senator IAN MACDONALD—But why are you doing this if it is such a small amount, Senator Conroy?

Senator Conroy interjecting—

Senator IAN MACDONALD—That was your argument by interjection.

Senator Conroy—It was not.

Senator IAN MACDONALD—Perhaps you will tell us what the argument was. All I am saying, Senator Fielding, is that your sentiments are correct, and I support them and appreciate what you have been able to achieve. I just think that somewhere along the line the government has been able to convince you that this is the way to do it. I am saying that what you are attempting to do is good but it could be done in a better way. We thought about this too. What is the best way to do it? Senator Abetz picked $90,000. Perhaps you might think that is too much, but let us have a look at other ways that we may achieve the results you are trying to achieve. (Time expired)

Senator XENOPHON (South Australia) (9.06 pm)—I indicate my support for these amendments and commend Senator Fielding for the concessions he has been able to obtain. I note the comments of the South Australian Farmers Federation, referred to in Senator Fielding’s contribution in relation to this. They are pleased with the concessions that have been obtained. I want to focus on just one part of the debate, which I think is important, in relation to the, I think, quite legitimate concerns raised by Senator Abetz with respect to the issue of the definition of a car being used solely for the purpose of carrying on a business with respect to tourism operators.

I will stand corrected, but my understanding is that the tax act has dealt with this quite robustly in terms of its definitions. That essentially means that, if you are using the vehicle for an incidental purpose—I think the example given by Senator Abetz was going down the road to get a litre of milk for your family—that incidental purpose is legitimate and allowed. I think it is important to point out that, with respect to Senator Fielding’s amendment in the context of tourism operators, it is an acknowledged and well-used definition and it does allow for incidental use other than for the purpose of a tourism operator’s vehicle. I think that is clearly fair and it is something that has been robustly dealt with in the tax act over the years. For those reasons I support the amendment moved by Senator Fielding.

Senator ABETZ (Tasmania) (9.08 pm)—It is interesting that Senator Xenophon was willing to tell the Senate about the support of the South Australian Farmers Federation for the Family First amendment.

Senator Xenophon—A very good organisation.

Senator ABETZ—and he tells me it is a good organisation; I am willing to believe him. I am willing to take you on face value, you see, Senator Xenophon. But it is interesting that in his contribution he was unable to tell us about the support of the South Australian car industry—just that very important point. In voting down, as Senator Fielding and Senator Xenophon did, the opposition amendment, they knocked out from exemption every single Australian made car that would have potentially benefited. As a result we now have 25 overseas made vehicles benefiting.

Of course, this is very interesting in the context of the tourism sector. If somebody were minded to buy a Holden Statesman, for example, to take tourism wine tours in the Adelaide Hills in Senator Xenophon’s case, as they do using sedans, or, in Senator Fielding’s state, up the Yarra Valley, possibly not using a Holden Statesman but, let’s say, a Ford Fairmont made in Victoria, that tourism operator would not get any benefit. But, if they were to buy a Mercedes for the job, they would get a huge benefit as a result of the government amendment that they voted for. The workers in South Australia and Victoria—the two states that have by far the vast majority of car manufacturing plants in this country and workers associated with the car industry—must be scratching their heads tonight wondering why Independent senators would vote for amendments that do the Australian car industry in the eye and help support imported models.
They will also be scratching their heads as to why the union that allegedly represents these workers, the Australian Manufacturing Workers Union, makes donations to the Australian Greens, who were the architects of exempting 25 imported vehicles from not only the eight per cent increase but also the current 25 per cent tax. So, for them, it is a 33 per cent turnaround. That is what Senators Fielding and Xenophon voted for.

For Senator Fielding, I ask specifically—and I would be interested in an answer—whether or not he has done a deal or, if he does not like that language, whether an understanding has been reached between him and the government as to what might be contained in the regulations that are clearly referred to in relation to the tourism sector. You see, before the deal was done with the government, Senator Fielding was out in the media saying that four-wheel drives ‘and vans’ would be exempted. There is no mention of vans in the legislation now. Are they going to be taken into account in the regulations? Are they going to be drip-fed in and you are just going to trust the government on face value that they are going to exempt vans one day? I would like to know what the arrangement is.

I would also like to know whether you asked the government, or whether the government gave you an indication, as to what the actual cost to the revenue would be in relation to this amendment, because clearly it is going to have an impact and an impost. We already know with the government amendment—or the Greens amendment; they wax and wane as to who actually moved it—that there is going to be about $40 million taken out from the $500-plus million. We now know that the retrospectivity is out. There must be a revenue impact there and, of course, there must be a revenue impact in relation to Senator Fielding’s amendment. I would just be interested to know how many tens of millions of dollars the government has been willing to concede of its own volition to try to cobble this legislation together. I would also ask Senator Fielding to acknowledge that all the other categories we have referred to—like the kangaroo shooter, the plumber, the electrician and the vet—will in fact get no benefit out of these amendments.

Finally, it was a very valid point that Senator Fielding made in his first second-reading speech:

There is also a question of whether the extra tax should be applied to the most fuel-efficient cars, but the same argument could be used for safer cars.

That is a very valid point, and indeed it came up during the Senate inquiry from time to time. I would just like to know whether he at any stage pursued with the government the issue of safer cars being exempted as well.

Senator XENOPHON (South Australia) (9.15 pm)—I want to take issue with Senator Abetz. I have great regard for Senator Abetz and the way he has conducted himself in this debate, but I want to take issue on the issue of the Australian automotive industry. I am very proud of the automotive industry in my home state and the quality of vehicles they produce. It is important that it be put on the record that in relation to this tax something like 10,000 of the 200,000 vehicles manufactured in Australia are subject to this tax, whereas something like 100,000-plus vehicles that are sold in Australia are subject to the luxury car tax. So this tax disproportionately impacts on foreign manufactured vehicles. This tax is one that clearly has a greater impact, in a proportionate sense, on those foreign vehicles. It is clear that the recent, and I think welcome, falls to the Australian dollar give Australian made vehicles an even greater competitive advantage. The future of the Australian car industry has to be, I believe, with green cars, and the amendments we have seen today—that I have supported, that the government, the Greens and Senator Fielding have supported—send a very strong signal for the future viability of Australian made cars. These are matters that need to be put on the record.

There is also, of course, the issue of the Bracks review of our automotive industries. It makes absolute sense to me that it would be expected that as a result of the Bracks review, in relation to the ACIS package of support for Australian made vehicles—I would expect, as sure as night follows day—that there will need to be amendments to that legislation. So we will have an opportunity to scrutinise in this place the nature of the support that this government gives to the Australian automotive industry and the parts industry and the many thousands of jobs that they represent in this country, particularly in my home state and in Senator Fielding’s home state of Victoria. These are things that will be dealt with, and when you consider the relatively small number of Australian made vehicles that will be covered by this tax and the level of increases—several hundred dollars—relative to the many foreign manufactured vehicles, that is why I feel comfortable with respect to this.

In relation to Senator Cameron, I accept what he told the chamber today and what he said in my private discussions with him. I hope he does not mind—and I do not think he will take issue with this: he has not received any concerns from the AMWU. John Camillo is the secretary of the AMWU in my home state. I do not think anyone could possibly accuse Mr Camillo of being a shrinking violet in any way when it comes to protecting the jobs of his members in South Australia. I have not heard from Mr Camillo, and other representatives of the AMWU have not approached me with any concerns in relation to this particular tax. It is fair to say that Mr Camillo and, I suspect, other state secretaries of the AMWU have been quite ferocious in protecting the jobs of their workers. I have regard to the points made by Senator Abetz, but I am an optimist.
about our car industry. I believe the Bracks review and the amendments that will be inevitable to the ACIS legislation give us an opportunity to ensure that the Australian car industry is in good stead for years to come.

Senator ABETZ (Tasmania) (9.19 pm)—Can I briefly respond to Senator Xenophon. About 10 per cent of the cars that are impacted by the luxury car tax are in fact Australian made. The car manufacturers will tell you that their profitability starts cutting in only with higher priced vehicles. Possibly Senator Xenophon has superior knowledge to the three Australian car manufacturers, but they are all opposed to this luxury car tax. For one reason: the damage it will do to the Australian automotive industry. If somehow this tax was going to benefit them, as was half hinted at by Senator Xenophon, one wonders why they would have spent so much time lobbying against it. If it was going to give them a break, if it was going to assist them, why have they been lobbying against it? The only reason they have been lobbying against it is because they know of the damage it will do to the automotive sector in this country.

Senators Xenophon and Fielding—love ‘em both dearly—have unfortunately got themselves into difficulties making a deal with the government that is unsustainable under questioning. That is their difficulty. They have not only voted—and this is where the double whammy comes in—for an eight per cent increase for Australian made vehicles over $57,180 and up to $75,000, or more in fact, but they have also voted, in comparative terms, for a 33 per cent tax decrease on 25 imported models. And when you put the jacked-up price of the Australian made car next to the 33 per cent reduced price of the imported motor vehicle, the price differential becomes a very, very stark, and that is what my great concern is in relation to this.

The fact that we have not heard from the AMWU is not surprising. Senator Cameron came in here supporting this because he thought air conditioning was a luxury. Living in another world. You sort of wonder whether the union official—I hope I do not do him any disservice—like Senator George Campbell before him and Senator Doug Cameron, towards the end of their union careers are more interested in gaining Labor Party preselection to get into this place than looking after the interests of the workers. I trust that the gentleman to whom Senator Xenophon refers does not fall into the Campbell-Cameron mould and I will once again accept that at face value if Senator Xenophon were to give me a nod in that regard.

I say very seriously to my friend Senator Fielding that some very serious questions have been asked and I believe that the Senate is entitled to an answer as to whether any understanding has been reached between him and the government in relation to what the regulations might contain and whether or not he engaged in any discussions with the government about safer vehicles being exempted from this tax impost, and whether the government advised him as to what the cost to revenue will be.

Senator FIELDING (Victoria—Leader of the Family First Party) (9.23 pm)—I will try and cover those issues. There was a range of issues that Senator Abetz raised. One was the cost to the government. That is difficult to ascertain totally because there has not been any way of tagging these exemptions for farmers and tourism in the past, so it is difficult, but it is certainly somewhere around $40 million. But I do not want to be held to that exactly. What I do know is that I wanted to make sure that farmers and tourism operators were exempt from the tax.

As far as a deal around the regulations is concerned, I think you are reading far too much into that, Senator Abetz. I take the government on this issue at face value. I think you raised the issue about retrospectivity and the costs there. That is an amendment that should be supported. I think you also raised the issue about family first supporting the exemption for fuel-efficient cars. We think, and most Australians think, that more needs to be done for the environment and that it would make sense to encourage more people to look at fuel-efficient cars. On safer vehicles, no, I have made it clear that it is for farmers and tourism operators in that area.

I think we have had a lot of talk on this and on a range of issues. I have made it clear that it is for farmers and tourism. You may want a lot of other things. You may want a lot of other exemptions. We can go all around the issues, over and over again. I tend to think we have heard a lot of talk, and that is t-a-l-k, not the other one, on this vehicle tax. I think it is time to put this to a vote.

Senator ABETZ (Tasmania) (9.25 pm)—I agree with Senator Fielding that we should go to a vote on this, but I asked whether an arrangement or understanding had been reached in relation to the regulations and his answer was that he was willing to take the government at face value in relation to that. Well, hello, I do not know what the face told him at the time and what the value of the face was. Can we have any indication as to what the government said they might contemplate when drafting the regulations? I say to Senator Fielding that if a costing was provided to him of $40 million, I have got a very funny feeling that the regulations will not be getting him any more exemptions for vans and other tourism vehicles, whereas if you were given a bigger figure I may have believed that when the regulations were drafted vans and other vehicles might in fact be exempted and, who knows, even potentially Australian made cars. But we would hate, I am sure, to see them being given any advantage.
or support in this legislation. We have studiously been avoiding any support of the Australian motor vehicle industry by the particularity of the amendments, which I personally find very disappointing. I think we are entitled to know what the expectation of Senator Fielding is or what the government intends in relation to these regulations, because that will give us an indication as to what the cost might be to the revenue.

Senator FIELDING (Victoria—Leader of the Family First Party) (9.27 pm)—I do not wish to waste the Senate’s time any longer. I have said it is very hard to estimate the numbers purely because these cars are not tagged for farmers and tourism that well. I would say that I think you are reading far too much into this issue, Senator Abetz. I think we are going round in circles, to be frank. The regulations will reflect the intent of legislation—

Senator Abetz—The regulations reflect—

Senator FIELDING—will reflect. These amendments are pretty straightforward really. They are not that complex and I really do not want to keep going round in circles on the issue. There has been no special arrangement made about the regulations. They will follow the intent of the legislation. I think we need to get on with the vote. We are wasting Senate time.

Senator ABETZ (Tasmania) (9.28 pm)—Senator Fielding is clearly in a very embarrassing position. When we asked him what he has agreed to he cannot answer, and therefore the defence is wasting Senate time. The simple problem with Senator Fielding’s proposal is this: the legislation says that the definition of a refund eligible car means a four-wheel drive or all-wheel drive—I think we all understand that. Then it says car of a kind specified in regulations made for the purposes of this definition. What sort of car? Will it include an Australian made car? We could not have that, I am sure, given the amendments that have been passed anti the Australian car industry. Are we looking at vans, are we looking at only people movers, are we looking at sedans? I think that is a fair enough question to ask and a fair enough question to have answered.

I also note that the amendment defines ‘tourist activity’ as having:

... the meaning set out in regulations made for the purposes of this definition.

The tourism sector believes that it is going to get an exemption—full stop. It is quite clear that this legislation, through the regulations, is going to severely limit what is going to be determined as a tourist activity. Is a tourist activity taking a stretch limousine from Melbourne airport to the Crown Casino? Would that be considered to be a tourist activity under this legislation and under these regulations? Or, is it only going to be for ecotourism? This is just so wide—

Senator Conroy—Could we put you on the High Court?

Senator ABETZ—It might be better than some appointments you will undoubtedly make. But what sort of tourist activities did Senator Fielding have in mind when he moved this amendment? I think these are genuine matters because there was no suggestion in Senator Fielding’s speech on the second reading or in his support of his amendment that suggested that tourist activities would be limited. So if we are going to have them specifically defined, how will they be defined and who or what area of tourism are you specifically seeking to target?

Senator XENOPHON (South Australia) (9.32 pm)—Senator Abetz made reference to the South Australian union official I referred to, John Camillo, and speculated that maybe he has been in some way silent on this because he may be getting preselection. I am not aware of that at all. But can I say that I have known Mr Camillo for a number of years, and I do not think there is any love lost between me and the AMWU considering that they were responsible for the publication of a newspaper advertisement last year that was defamatory of me. That will be taken further and they have been put on notice in relation to that. So I do not want Senator Abetz to suggest that there is some cosy relationship between—

Senator Abetz interjecting—

Senator XENOPHON—I should not talk about the merits of the case but I am very confident since they have already apologised. But John Camillo is a union official I have known for many years. He is absolutely ferocious in protecting the rights and the jobs of those in the automotive industry in South Australia. I think it is quite telling—and I accept what Senator Cameron has said given his background in the AMWU—that the union itself has not raised concerns about job losses with this tax. I cannot take it any further than that, but I think it is fair to say that John Camillo has for many years been well respected on both sides of politics in South Australia for being a fair and fierce advocate for jobs in the South Australian automotive industry. I will not take it any further, but I just want to put that on record, and I do not want Senator Abetz to suggest that I have some cosy relationship with the AMWU—far from it.

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (9.33 pm)—I indicate our support for Senator Fielding’s amendments and I also believe, like Senator Fielding, that it is becoming a little repetitious. We are going around in circles and I urge the chamber to put it to a vote.

Senator ABETZ (Tasmania) (9.34 pm)—This will be my last attempt. Senator Fielding is treating this place with absolute contempt in his refusal to answer
very basic questions as to the meaning and the purpose of his legislation. What on earth is meant by ‘car of a kind specified in regulations made for the purposes of this definition’? Not a single example has been proffered to this place, but we are supposed to vote for his amendment. We as an opposition are not in that game. We believe there has to be clarity. But clearly what has happened is somebody helped him stitch up these amendments and I am not sure that he necessarily fully understands their implication.

What then does ‘tourist activity’ mean? Surely we are entitled to know whether there is going to be a limitation on tourist activity to, say, just ecotourism or only tourism out of a city area. Surely we are entitled to know that.

He tells us that he is willing to take the government at face value. I am prepared to do that, just as long as I am told what it is that I am talking at face value. But we cannot be told whether the tourist activity will include the stretch limo for an international tourist from an international airport to the Crown Casino, or whether it will be an ecotourism venture up in Cape York. Surely we are entitled to know what that terminology means.

If Senator Fielding and Family First cannot explain that and nor can the government, nor the Greens nor Senator Xenophon, it shows that in their desperate bid to have struck up a deal supporting each other’s amendments without actually knowing what they mean and what they will mean for the future and what the regulations are going to mean.

Indeed, I will be looking very closely at the regulations, and I would be interested to know whether a timetable has been offered to Senator Fielding in relation to the meaning of tourist activity because—and I say this to him—if the government does not bring down regulations, there will not be any tourist activity to which this exemption will apply, and he will have really bought a pig in a poke. This will not come into being until tourist activity has been defined, but we take it at face value. We have no idea what it means or when it is going to be introduced. Unless Senator Fielding has got a guarantee as to when the regulations will come in and the breadth of them, the Labor government and the Greens will have got his vote on amendments that I am sure in his heart he does not agree with in exchange for something that may never come into force. On that basis, we as an opposition simply cannot support such poorly drafted legislation.

Question agreed to.

Bill agreed to, subject to requests.

Bill reported with requests; report adopted.

A New Tax System (Luxury Car Tax Imposition—General) Amendment Bill 2008

A New Tax System (Luxury Car Tax Imposition—Customs) Amendment Bill 2008

A New Tax System (Luxury Car Tax Imposition—Excise) Amendment Bill 2008

Bills—by leave—taken together and as a whole.

Bills agreed to.

Bills reported.

Progress reported.

Adoption of Report

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (9.40 pm)—I move:

That the report from the committee be adopted.

Question agreed to.

Third Reading

Senator CONROY (Victoria—Minister for Broadband, Communications and the Digital Economy) (9.40 pm)—I move:

That the bills to which the Senate has not made requests be now read a third time.

Question agreed to.

Bills read a third time.

ADJOURNMENT

Senator CHRIS EVANS (Western Australia—Leader of the Government in the Senate) (9.40 pm)—I move:

That the Senate do now adjourn.

Father Joe Grealy

Senator FARRELL (South Australia) (9.41 pm)—I rise to pay tribute to the late Father Joe Grealy, the Adelaide priest who was a great friend of workers and their families. I believe that his many achievements and fine qualities are worth bringing to the attention of this house. Father Joe Grealy was indeed the ‘People’s Priest’, who could mix with Grand Prix drivers, factory workers and politicians and treat all equally and with great respect.

Father Joe died on Friday, 12 September. His funeral was held in Adelaide last Wednesday at St Francis Xavier Cathedral, which was packed with family, former parishioners, politicians, trade unionists and friends. He was 82 years of age and, looking back now, I know I was privileged to go to his 80th birthday party a couple of years ago at the Star of the Sea parish hall in Henley Beach.

Father Joe was born in Parkside in Adelaide in 1925, the son of Eileen and Matthew Grealy. He was ordained a priest in 1954 and became assistant priest at the Walkerville, Woodville, Victor Harbour and Semaphore parishes over the next six years. He was also a part-time chaplain to the school cadets. In 1962 he was appointed parish administrator at the Semaphore parish. In January 1965 he became the parish priest at Kadina and then went on to Mount Barker in 1970.
It was in 1972 that Father Joe began his formal association with the trade union movement, when he was appointed as the church representative on the board of management of the Inter-Church Trade and Industry Mission. Later, in 1978, he took up a full-time position as staff chaplain within that organisation. Father Joe came to the priesthood later in life, having originally started as a boilermaker with the South Australian railways.

Father Joe’s father was the secretary of the Furnishing Trades Union, so Father Joe instantly understood the industrial jargon of his new job. He would not force his religious views on others and did not take the confessional into the factories, but instead used his vast number of contacts in government departments to provide practical help to his blue-collar parishioners.

One of the things that struck me most about Father Grealy was his commitment to promoting the dignity of work for all workers, no matter what their profession. Father Joe believed that all workers, including those from the retail industry that I previously represented, deserved to feel that their work had meaning and was spiritually fulfilling in some way.

From my involvement in the trade union movement I know only too well how the conditions in a workplace can build workers’ self-esteem and fill their lives with meaning. Part of Father Joe’s mission was to challenge dehumanising aspects of work and instead promote workplaces that were based on caring and respect and that valued the inherent dignity of all workers. He helped encourage people to recognise workers as human beings and not just as an economic input little different from the machines or tools they use to complete their work.

Father Joe loved the limelight. He was never shy or fearful of expressing an opinion. Father Joe’s public profile took a huge leap forward when he began offering mass for the Formula 1 grand prix drivers and crew prior to the big race on the Sundays of the grand prix carnival in Adelaide. He was highly respected by the many men and women of the motor-racing community. The grand prix chaplaincy was originally supposed to be shared around all the denominations, but there was no way Father Joe was going to let go of it and he blessed the grand prix track for 11 consecutive years before the grand prix was snaffled by Jeff Kennett for Melbourne. Nikki Lauda confided in him that he really appreciated the services of a chaplain after his horrific crash in the 1970s, and Ayrton Senna admitted to Joe that he prayed for safety prior to driving. Joe positioned himself 100 metres from the chicane out of pit straight in the event that he was needed, but fortunately he never was so most of the time he just chatted to drivers and service workers. The media loved him, dubbing him ‘the Revy Reverend’ and, wait for it, ‘the Faster Pastor’.

But it was in his one-on-one associations with ordinary people that Joe really shone as the ‘People’s Priest’. He particularly looked after society’s battlers and had great empathy for families struggling to educate their children. As his brother Jack said at his eulogy, Father Joe was the welcoming, understanding face of the Catholic church, a friend of the blue-collar brigade, and always ready for an argument with those in leadership positions. Father Joe was also highly regarded by all within the Defence Force, from the junior ranks of cadets right through to senior officers. A Vietnam veteran told me that Father Joe was a man’s man when it came to his role as chaplain to the Army cadet unit. Father Joe also dedicated the memorial to the Vietnam veterans in the 1990s, adding to his reputation as a priest who could instil a spiritual dimension in many areas of life.

In 1992, Father Joe retired from his full-time appointment with the Inter-church Trade and Industry Mission after 25 years of service. He retired from active pastoral ministry in 1997. But even after this he remained interested in public affairs. On one occasion Judge McCusker of the South Australian Industrial Relations Court organised my daughter Mary to take Father Joe to a hearing of the High Court in Adelaide that took his interest. Father Joe was appointed a Member of the Order of Australia in 1988 for services to religion and the community in his work as an industrial chaplain. On New Years Day 2001 he was awarded the Centenary Medal for service to the Catholic church.

Father Joe had a deep love of Catholicism but a very broad and generous approach to religion. For him, it was about the way you live rather than about labels. His generosity and slightly wicked sense of fun will be sadly missed. He is survived by 25 nieces and nephews as well as numerous brothers and sisters. I extend to them my deepest sympathy for their loss. However, I am sure they are very proud of the fine contribution Father Grealy made to this world and his efforts to improve the lives of others, I know that Father Grealy’s dedication to promoting Christian values in the workplace helped enrich the lives of many workers. His efforts deserve to be thanked and acknowledged and tonight I thank him on behalf of all the workers whose lives he made better. Thank you, Father Grealy; may you rest in peace.

King Island

Senator COLBECK (Tasmania) (9.49 pm)—Tonight I rise to draw senators’ attention to the hard work and dedication of members of the King Island community, which is being seriously undermined by interstate pirates who are selling inferior quality produce falsely labelled with the geographical brand of ‘King Island’. King Island is situated 100 kilometres from both mainland Australia and Tasmania in the
treacherous waters of Bass Strait. Should you need convincing of the dangers of this passage of water, the wrecking of the *Cataraqui* in 1845 remains Australia’s worst civilian maritime disaster. Four hundred immigrants drowned when the ship struck rocks only a few hundred metres offshore of the west coast of the island. King Island holds the dubious honour of having more known shipwrecks per kilometre of coastline than anywhere else in Australia.

The island’s European history began with maritime explorers, sealers, hunters, shipwrecked castaways and great-hearted farmers, who set the scene for a community which to this day continues to produce some of the finest-quality primary produce in the world. As well as beef, most would have heard of or experienced the exceptional products of King Island Dairy—producers of the famed King Island double cream amongst other delectables. But this island also produces or harvests in commercial quantities smallgoods, seafood, pepper, bottled water, honey and kelp.

King Island’s bakery ranks among the best in Australia and its Christmas puddings, made from a 200-year-old recipe, are legendary among foodies. The natural blessings of this environment are being utilised to their fullest capacity. The trademark King Island winds, as well as solar rays, have been harnessed to provide power, and I understand that by next winter the ocean around King Island will also be contributing to the energy banks through wave and tidal power generators.

This vibrant community has rightly recognised diversity, excellence and innovation as the keys to success and, indeed, to survival. As well as developing primary industry, the island established a tourism association in the 1920s. Now, in a day and age when so many of us seek rest and recreation in relaxed and naturally spectacular settings, King Island’s tourist numbers continue to grow. Visitors can enjoy King Island’s natural features through walking trails, surfing trails and even shipwreck trails—so you can see I was not embellishing with my earlier comments about the treacherous waters. It is hardly surprising that King Island’s inspiring surrounds have fostered a lively arts and crafts scene, which visitors can also enjoy.

There are a host of reasons to visit King Island today but we cannot go past the prime opportunity to feast on the island’s highly reputed food in its very own backyard. There is no doubt that King Island’s produce is a powerful national and international advertisement for visiting this piece of heaven on earth. I hope that you all would be at least aware of or even have been lucky enough to sample some of the high quality fine food that King Island is widely recognised for, both in the domestic and in the international marketplaces.

In fact, according to recent research by AC Nielsen, King Island Beef has the strongest branded beef awareness in Australia. It is therefore not unreasonable for consumers to believe that, if a product carries the King Island name, it is actually produced on the island. However, decades of hard work is being undermined, undone and damaged by misrepresentation of King Island Beef in the marketplace. Unscrupulous opportunists are deliberately attempting to cash in on King Island’s established market reputation with their inferior products. It has become an industry joke—quite unfortunately—that King Island must be larger than mainland Australia due to the amount of King Island Beef that is available on the market. This would be an amusing little story if maintaining strong brand awareness and market share was not so vital to this island’s economy.

This activity also clearly undermines the Tasmanian government’s legislation regarding hormone growth promotants or HGPs. Currently, Tasmania is the only state in Australia where the use of HGPs is prohibited through government legislation. As a result, beef processed on King Island is guaranteed to be 100 per cent HGP and antibiotic free, and this attracts a large customer base. Key to the overall economy of King Island is the protection of its geographical marketing advantage. Wholesalers and consumers of King Island produce are prepared to pay a premium not just for the brand name but because produce originating from this island is perceived to be of the highest quality and finest taste—and because these intrinsic qualities are backed up by strong quality assurance practices and the HGP status that I have just mentioned.

The authentic, original brand name, which inherently guarantees geographical origin, is a major reason for the island’s largest employers, National Foods, who are the owners of King Island Dairy, and Swift Australia, who are the owners of King Island Beef, to continue operating processing plants on the island. These companies have invested significantly to maintain operations on the island and therefore need to command a premium price to offset the high operating costs to remain viable. National Foods and Swift Australia, along with the other small business producers I mentioned earlier, employ a large percentage of the island’s population. It is very plain to see that primary industry is a vital economic and social contributor to King Island’s people today, and a vital contributor to the island’s future economy.

Also critical to the ongoing success of the King Island brand name is maintaining a baseline population through the continued provision of supporting services such as transport, health care, social services, retail services and tourism. I am delighted that King Island now benefits from the extension of the Freight Equalisation Scheme. Originally proposed by the coalition prior to last year’s federal election, it is pleasing that Labor thought our policies were so good that they
adopted these coalition commitments as their election promises. The extension of the Freight Equalisation Scheme to King Island now means that financial assistance is available when intrastate sea freight is shipped between King Island and the mainland of Tasmania. The scheme assists in alleviating the sea freight cost disadvantage incurred by shippers of eligible non-bulk goods, with the objective being to provide equal opportunity for commercial competition.

When you consider that consumers all over the world are showing more interest in the provenance, traceability and health benefits of what they are consuming, the continual misrepresentation in the marketplace of inferior, counterfeit items as legitimate King Island produce is very disturbing. Because of its size, the King Island community does not have the financial resources to legally pursue the alleged misuse of their good name through legal civil proceedings. This inability has unfortunately allowed a free-for-all, nil-lramification environment in which impostors get away with their false claims scot-free.

So what can be done? How can a small, isolated, rural community which has worked hard to develop a sustainable economy using their unique geographical location be protected from unscrupulous operators? With increased internationalisation and mass-produced food, consumers worldwide are showing more interest in geographical indications. Notable examples of products protected by geographical indications are Champagne wine from France and Ceylon tea from Sri Lanka. But geographical indications only work when they are backed up by quality products—thus King Island’s concern with the current practice of impostor products being deliberately and misleadingly branded such that consumers will confuse them with genuine King Island produce.

In Australia, the Wine and Brandy Corporation protects their geographical indication through the Australian Wine and Brandy Corporation Act 1980. This act deals specifically with the place of origin issue and takes into account methods of production, explicit varieties and strict control on the quality and volume of production. While the old world wine producers such as Tuscany in Italy have been successfully undertaking this marketing approach for centuries, new world producers such as the United States and Australia are increasingly using geographical indicators to differentiate themselves from competitors. Geographical indicators are also linked to tourism industries, which in turn create flow-on benefits for the regions in which they are based. However, for geographical indicators to be used to their full potential, they must be properly protected from imitation and reproduction by producers outside the defined region.

In the case of King Island, this community is concerned that decades of hard work and dedication to produce high quality meat products is being exploited by interstate pirates—pirates who contribute nothing to the economic sustainability or to the people of this stunningly beautiful, remote rural community. This is a case where an important geographic indicator is being denigrated by opportunists, because no protection mechanism exists. Recently, members of King Island Brand Management Group made a submission to the Senate Standing Committee for Rural and Regional Affairs and Transport meat marketing inquiry. I seek leave to incorporate the rest of my speech.

Leave granted.

The remainder of the speech read as follows—

The Group believe there is an urgent need for legislation to be introduced into the Federal Parliament, similar to the existing Australian Wine and Brandy Corporation Act of 1980, which would deal specifically with Geographical Indications. The group believes this is the only way forward in order to protect all geographical indications within Australia, not just that of King Island, which are affected by similar issues, especially within the meat industry.

On behalf of the Tasmanian Liberal Senate Team, I would like to acknowledge in this Chamber today that we fully support the King Island community’s endeavours to protect their community from the unscrupulous practices of interstate competitors.

Defence Spending

Senator LUDLAM (Western Australia) (9.59 pm)—I did not have the opportunity this afternoon to comment on a document that was tabled today by the Minister representing the Minister for Defence, Senator Faulkner, but I would like to take the opportunity to do so now and make a couple of brief comments on the document, Going to the next level, which is the review of Australian defence spending. It provides important information that the Australian Greens will be studying at length because it relates to where billions of dollars of Australian taxpayers’ money is going.

First, I would like to lament that the minister considers it a matter of pride that the Rudd government:

... this year and in the coming years will spend more money on Defence than at any time in the history of the Federation.

He goes further to say that in three years time we will be spending $6 billion annually more on defence than the Howard government spent in the last year in office. There is something about the celebratory tone of that announcement that I find deeply disturbing. It occurs to me that there is something deeply wrong with the international order if we have to continually increase defence spending and it should not really be a matter of celebration or pride.

I find this a deep disappointment and a huge opportunity cost when we consider the real security threats facing this nation at the moment—the needs of pen-
sioners, which we have debated extensively in here; the needs of Indigenous Australians and the resources that will be required to close the gap; the needs of students and the problem of student poverty; the needs of people who cannot access health care; and the needs of our environment. We are continually told that we are in a time of economic crisis. How can we say there is not enough for pensioners but we are spending more on defence than at any time in history?

While the security risk assessments are being thoroughly explored in the coming defence white paper, we know from the public hearings that have been taking place throughout the country—and that is a very welcome transparency initiative by the government—that over and again Australians are questioning a narrow military definition of security. Australians are joining the rest of the world in seeing real utility in adopting a human security concept which asks what makes people and nations feel secure. The answer is a lot more than guns, bombs and tanks.

The inconvenient fact for arms producers—that large array of weapons profiteers and their sponsor governments—is that bombs, guns and landmines will not deter or remove the threat of a tsunami, a hurricane, a flood, a virus like HIV or avian flu, and particularly water shortages, food shortages and climate change. These are the real security threats of our time. Military hardware and equipment can do nothing to alleviate these security problems. Instead, the acquisition of arms diverts enormous financial, technical and human resources from where they are really needed.

The minister has made clear in his statement that the amounts we are talking about are truly enormous. According to the 2008 yearbook from the Stockholm International Peace Research Institute, global military expenditures in 2007 were a colossal US$1.339 trillion—a real-terms increase of six per cent over 2006 and of 45 per cent since 1998. Australia’s contribution to this is $62 million every single day.

The USA’s military spending accounted for 45 per cent of the world’s total in 2007, followed by the UK, China, France and Japan. Since 2001 US military expenditure has increased by 59 per cent in real terms, principally because of massive spending on military operations in Afghanistan and Iraq, but also because of increases in the base defence budget, and Australia is following this pattern. By 2007, US spending was higher than at any time since World War II. But it does not seem to be doing the United States much good—militarily, economically or politically. And Australia should be very cautious about following the USA down this path of confusing military spending with security. Because we are spending $1.3 trillion a year globally, it is the equivalent of 600 years of the United Nations budgets spent every single year. And $22 billion is the total spending in Australia, about 40 times more than what is spent on climate change mitigation. That shows you where the government’s priorities seem to lie. Reversing a real security threat, catastrophic climate change, will require a paradigm shift in resource allocation. We can meet this challenge, but only if we reallocate these funds from Cold War 20th century security thinking to the reality of the 21st century.

The second point I would like to briefly raise is whether we really want the Defence Materiel Organisation to run more like a corporation and less like a bureaucracy. While making disparaging remarks about bureaucracy in Canberra is easily done—it is a bit of a cheap shot—we should seriously consider that a one-dimensional profit motive business approach is also a very risky approach to defence spending. It would erode principles and standards to focus simply on the bottom line. We know that, after the billions of dollars wasted through defence procurement and misallocation during the Howard years, the bottom line is extremely important. But I would question the minister’s repeated assertion and confidence that business would be more welcome than bureaucracy in the DMO. There were serious shortcomings in the way the Howard government handled defence procurement and we welcome a review of practice, but we will be going through it in detail because the Greens believe that spending such vast sums on security infrastructure is a huge misallocation of precious resources.

Defence Spending

Heavy Vehicle Driver Fatigue Laws

Senator HEFFERNAN (New South Wales) (10.05 pm)—That was a lovely little speech but it neglected to come to terms with what Mick Keelty said last year was the greatest threat to Australia’s sovereignty and that will be climate change. The science prediction says that in 50 years time there will be 1.6 billion people on the planet who will be displaced and looking for somewhere else to live. I am sure the UN will not be able to manage that and I am sure that if we do not have a reasonable Defence Force we will not be able to secure our sovereignty.

Tonight I want to continue my remarks on the heavy vehicle driver fatigue law nightmare that is about to be inflicted on New South Wales, and appeal to New South Wales farmers, New South Wales farmers organisations and the New South Wales parliament—I know the parliament has been really distracted of late by everything that you would not believe politicians can get up to, and a dysfunctional government that is actually probably insolvent—to really look at this because this is a potential nightmare. I will not repeat what I said last night except to say that the laws to harmonise and protect heavy vehicle driver fatigue are very important but there needs to be a practical aspect that does not present an onerous impost on farmers
who are only going five miles into town to get some
dog tucker.

I appeal to New South Wales and I appeal to New
South Wales farmers to wake up to themselves and
understand that this is a big problem. Victoria has at
least had the good sense to say that they will have an
exemption for the first hundred kilometres. If you are
working within 100 kilometres of your base, this does
not impose itself on you. In Queensland it is 200 kilo-
metres. In New South Wales if you go two yards you
have got to fill out the log book. That is pretty sensible,
don’t you think, Senator?

Adding to last night’s plethora of unbelievable cir-
cumstances in which you have got to fill out a log
book—and I did say that it was ‘bloody stupid’ last
but I corrected it to say ‘blasted stupid’—a cou-
ple of blokes rang me today. One drives a school bus.
The school bus has a run of 40 kilometres out in the
morning. It stays in the place where it drops the kids
off and then comes back 40 kilometres in the after-
noon. That person has to fill out a log book.

I had a call from another town. They have a bus that
goes around and picks up patrons for the club. The club
bus driver has to fill out a log book. The bus does five
kilometres around picking up all the pokie players, the
club patrons et cetera. This is silly stuff. And, as I said,
a farmer who is stripping wheat on his own property
and carting it to his own silo without leaving his prop-
erty actually has to log the time that he spends in the
truck.

So my appeal to New South Wales farmers and to
the New South Wales farmers’ organisations and to the
New South Wales opposition and to the New South
Wales government is: for God’s sake wake up! There is
enough paperwork in the system now and this is a stu-
pid law put together by bureaucrats who obviously
have no practical experience out in the bush, a gov-
ernment that is dysfunctional and, I can only presume,
an opposition that is asleep. Mr President, by leave, I
would like to table two documents. Following my
words last night, the New South Wales farmers put out
a press release, which I showed to Senator Faulkner a
minute ago, the New South Wales Farmers Association
New heavy vehicle driver fatigue reforms, and how it
affects you the farmer.

Leave granted.

We need people in parliament—and I appeal the
New South Wales parliament—that understand the
bush as Senator Macdonald and Senator Williams do.
Senator Parry, you are a broken-down policeman and
undertaker and I suppose you would know a bit about
the bush and, certainly, Senator Stephens, who comes
from Goulburn, would have a bit of a go. We really do
need to understand that the bush can get stuffed around
by well-meaning bureaucrats, who are obviously con-
scious of the fatigue issue for long-haulage truck driv-
ers and the schedules that they have to put up with. But
I do not see how a farmer under this legislation—
which you will be pleased to know, Senator Mac-
donald, being a lawyer, is a lawyer’s feast—can be
compliant and honest with the way that this is dealt
with. If you are sitting in the line-up at the silos wait-
ing to unload your truck with the engine turned off and
you are looking through the windscreen for when the
next truck is going to move up, you have got to log that
as time in the truck. If you are reading the newspaper
instead in the same position in the truck with the en-
gine turned off, you log that as time off. This is stupid.
I appeal to the media and to the mob in New South
Wales: get off your backsides, surround the parliament,
blockade the parliament, because this will be a night-
mare that starts next weekend, on 29 September. Thank
you very much.

Senator COLBECK (Tasmania) (10.11 pm)—I
thank the chamber for its indulgence. I seek leave to
incorporate the last couple of paragraphs of my ad-
journment speech.

The PRESIDENT—There being no objection,
leave is granted. Those last couple of paragraphs will
be attached to your previous comments for continuity
purposes, Senator Colbeck.

Senate adjourned at 10.11 pm

DOCUMENTS

Tabling

The following government documents were tabled:

*Crimes Act 1914—Authorisations for the acquisition
and use of assumed identities—Report for 2007-08—
Australian Federal Police.*

*Export Market Development Grants Scheme Act
1997—Winning in world markets—Review of the
Export Market Development Grants scheme—Report
by David Mortimer, 1 September 2008.*

*Surveillance Devices Act 2004—Commonwealth Omb-
dusman’s report on inspections of surveillance de-
vice records for the period 1 January to 30 June
2007—Australian Crime Commission and New South
Wales Police.*

Tabling

The following documents were tabled by the Clerk:

[Legislative instruments are identified by a Federal Reg-
ister of Legislative Instruments (FRLI) number]

Aged Care Act—

Aged Care (Residential Care Subsidy—Amount of
Accommodation Charge Top-up Supplement) De-
termination 2008 (No. 2)—ACA Ch. 3 No.
29/2008 [F2008L03514]*.

Aged Care (Residential Care Subsidy—Amount of
Accommodation Supplement) Determination 2008
(No. 2)—ACA Ch. 3 No. 23/2008
[F2008L03508]*.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Resources, Energy and Tourism: Printer Products

(Question Nos 540 and 541)

Senator Milne asked the Minister representing the Minister for Resources and Energy and the Minister representing the Minister for Tourism, upon notice, on 14 July 2008:

(1) Does the department have a policy regarding the use of remanufactured printer products as opposed to buying new ones; if so, does the department assess the cost and re-useability of the product as part of its decision-making in regard to the policy.

(2) Does the department have a policy directive to use remanufactured printer products and, by doing so, lower the balance of payments through reducing imports.

(3) What environmental standard has the department put in place in regard to the disposal of printer cartridges.

(4) Is the Minister aware that several of the printer companies are now putting chips in printer cartridges so that they cannot be re-used.

(5) Does the department have any contractual arrangements with Lexmark or Epson; if so, is the department party to any ‘Prebate’ program.

(6) Does the department know what happens to the printer cartridges when they are empty.

(7) With whom does the department hold a printer supply contract and what are the conditions of the contract.

(8) How much does the department spend on printer cartridges each financial year.

(9) Does the department use Planet Ark to recycle cartridges.

(10) Does the department use foreign companies such as Corporate Express when purchasing printer cartridges.

Senator Carr—The Minister for Resources and Energy and the Minister for Tourism has provided the following answer to the honourable senator’s question, under both the Resources and Energy and the Tourism portfolios:

(1) No. However the Department has a contract with Canon Australia Pty Ltd to provide printing, photocopying and scanning facilities. Under the contract Canon has established a recycling program. In addition, the Department of Resources, Energy and Tourism is represented on the interdepartmental committee on Government Leadership in Sustainability to improve government performance, including government procurement practices.

(2) No.

(3) The Department has repositories available in the Industry House utility zones to deposit toner cartridges, toner bottles and drum kits from all brands of photocopiers, faxes and printers.

(4) I understand that the department is aware that some printer companies put microchips into their printer cartridges.

(5) No.

(6) No.

(7) There are no contracts currently in place for printer supplies, other than that with Canon Australia Pty Ltd for the provision of MFDs (which includes the supply of toner cartridges as part of the contractual charges).

(8) It is not possible to accurately determine the printer cartridge costs for the Department.

(9) No.

(10) Excluding MFDs, the department uses a number of companies (including Corporate Express) in sourcing printer cartridges.