INTERNET
The Journals for the Senate are available at

Proof and Official Hansards for the House of Representatives,
the Senate and committee hearings are available at

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

SITTING DAYS—2011

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>8, 9, 10, 28</td>
</tr>
<tr>
<td>March</td>
<td>1, 2, 3, 21, 22, 23, 24</td>
</tr>
<tr>
<td>May</td>
<td>10, 11, 12</td>
</tr>
<tr>
<td>June</td>
<td>14, 15, 16, 20, 21, 22, 23</td>
</tr>
<tr>
<td>July</td>
<td>4, 5, 6, 7</td>
</tr>
<tr>
<td>August</td>
<td>16, 17, 18, 22, 23, 24, 25</td>
</tr>
<tr>
<td>September</td>
<td>12, 13, 14, 15, 19, 20, 21, 22</td>
</tr>
<tr>
<td>October</td>
<td>11, 12, 13, 31</td>
</tr>
<tr>
<td>November</td>
<td>1, 2, 3, 21, 22, 23, 24, 25</td>
</tr>
</tbody>
</table>

RADIO BROADCASTS
Broadcasts of proceedings of the Parliament can be heard on ABC NewsRadio in the capital cities on:

- ADELAIDE 972AM
- BRISBANE 936AM
- CANBERRA 103.9FM
- DARWIN 102.5FM
- HOBART 747AM
- MELBOURNE 1026AM
- PERTH 585AM
- SYDNEY 630AM

For information regarding frequencies in other locations please visit
http://www.abc.net.au/newsradio/listen/frequencies.htm
FORTY-THIRD 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
Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Eric Abetz
Deputy Leader of the Opposition in the Senate—Senator Hon. George Henry Brandis SC
Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Mitchell Peter Fifield

Senate Party Leaders and Whips
Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Deputy Leader of the Liberal Party of Australia—Senator Hon. George Henry Brandis SC
Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of the Nationals—Senator Fiona Nash
Leader of the Australian Greens—Senator Robert James Brown
Deputy Leader of the Australian Greens—Senator Christine Anne Milne
Leader of the Family First Party—Senator Steve Fielding
Chief Government Whip—Senator Anne McEwen
Deputy Government Whips—Senators Carol Louise Brown and Helen Beatrice Polley
Chief Opposition Whip—Senator Stephen Shane Parry
Deputy Opposition Whips—Senators Judith Anne Adams and David Christopher Bushby
The Nationals Whip—Senator John Reginald Williams
Australian Greens Whip—Senator Rachel Mary Siewert
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>
<th>Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abetz, Hon. Eric</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Adams, Judith Anne</td>
<td>WA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Arbib, Hon. Mark Victor</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Back, Christopher John (3)</td>
<td>WA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Barnett, Guy</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Bernardi, Cory</td>
<td>SA</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Bilyk, Catryna Louise</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Birmingham, Simon John</td>
<td>SA</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Bishop, Thomas Mark</td>
<td>WA</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Boswell, Hon. Ronald Leslie Doyle</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>NATS</td>
</tr>
<tr>
<td>Boyce, Suzanne Kay</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Brandis, Hon. George Henry SC</td>
<td>QLD</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Brown, Carol Louise</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Brown, Robert James</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>AG</td>
</tr>
<tr>
<td>Bushby, David Christopher</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Cameron, Douglas Niven</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Carr, Hon. Kim John</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Cash, Michaelia Clare</td>
<td>WA</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Colbeck, Hon. Richard Mansell</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Collins, Jacinta Mary Ann</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Conroy, Hon. Stephen Michael</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Coonan, Hon. Helen Lloyd</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Cormann, Mathias Hubert Paul (2)</td>
<td>WA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Crossin, Patricia Margaret (4)</td>
<td>NT</td>
<td></td>
<td>ALP</td>
</tr>
<tr>
<td>Eggleston, Alan</td>
<td>WA</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Evans, Hon. Christopher Vaughan</td>
<td>WA</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Farrell, Donald Edward</td>
<td>SA</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Faulkner, Hon. John Philip</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Feeney, David Ian</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Ferguson, Hon. Alan Baird</td>
<td>SA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Fielding, Steve</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>FF</td>
</tr>
<tr>
<td>Fierravanti-Wells, Concetta Anna</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Fifield, Mitchel Peter</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Fisher, Mary Jo (1)</td>
<td>SA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Forshaw, Michael George</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Furner, Mark Lionel</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Hanson-Young, Sarah Coral</td>
<td>SA</td>
<td>30.6.2014</td>
<td>AG</td>
</tr>
<tr>
<td>Heffernan, Hon. William Daniel</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Hogg, Hon. John Joseph</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Humphries, Gary John Joseph (4)</td>
<td>ACT</td>
<td></td>
<td>LP</td>
</tr>
<tr>
<td>Hurley, Annette Kay</td>
<td>SA</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Hutchins, Stephen Patrick</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Johnston, Hon. David Albert Lloyd</td>
<td>WA</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Joyce, Barnaby Thomas Gerard</td>
<td>QLD</td>
<td>30.6.2011</td>
<td>NATS</td>
</tr>
<tr>
<td>Kroger, Helen</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Ludlam, Scott</td>
<td>WA</td>
<td>30.6.2014</td>
<td>AG</td>
</tr>
<tr>
<td>Lundy, Kate Alexandra (4)</td>
<td>ACT</td>
<td></td>
<td>ALP</td>
</tr>
<tr>
<td>Macdonald, Hon. Ian Douglas</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Senator</td>
<td>State or Territory</td>
<td>Term expires</td>
<td>Party</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------------------</td>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td>McEwen, Anne</td>
<td>SA</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>McGauran, Julian John</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>McLucas, Hon. Jan</td>
<td>QLD</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Marshall, Gavin Mark</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Mason, Hon. Brett John</td>
<td>QLD</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Milne, Christine Anne</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>AG</td>
</tr>
<tr>
<td>Minchin, Hon. Nicholas</td>
<td>SA</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Moore, Claire Mary</td>
<td>QLD</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Nash, Fiona Joy</td>
<td>NSW</td>
<td>30.6.2011</td>
<td>NATS</td>
</tr>
<tr>
<td>O'Brien, Kerry Williams</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Parry, Stephen Shane</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Payne, Marise Ann</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Polley, Helen Beatrice</td>
<td>TAS</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Pratt, Louise Clare</td>
<td>WA</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Ronaldson, Hon. Michael</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Ryan, Scott Michael</td>
<td>VIC</td>
<td>30.6.2014</td>
<td>LP</td>
</tr>
<tr>
<td>Scullion, Hon. Nigel Gregory (4)</td>
<td>NT</td>
<td>30.6.2014</td>
<td>CLP</td>
</tr>
<tr>
<td>Sherry, Hon. Nicholas John</td>
<td>TAS</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Siewert, Rachel Mary</td>
<td>WA</td>
<td>30.6.2011</td>
<td>AG</td>
</tr>
<tr>
<td>Stephens, Hon. Ursula</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Sterle, Glenn</td>
<td>WA</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Troeth, Hon. Judith Mary</td>
<td>VIC</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Trood, Russell Brunell</td>
<td>QLD</td>
<td>30.6.2011</td>
<td>LP</td>
</tr>
<tr>
<td>Williams, John Reginald</td>
<td>NSW</td>
<td>30.6.2014</td>
<td>NATS</td>
</tr>
<tr>
<td>Wong, Hon. Penelope Ying Yen</td>
<td>SA</td>
<td>30.6.2014</td>
<td>ALP</td>
</tr>
<tr>
<td>Wortley, Dana Johanna</td>
<td>SA</td>
<td>30.6.2011</td>
<td>ALP</td>
</tr>
<tr>
<td>Xenophon, Nicholas</td>
<td>SA</td>
<td>30.6.2014</td>
<td>IND</td>
</tr>
</tbody>
</table>

(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) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Christopher Martin Ellison, resigned.
(4) 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—R Laing
Clerk of the House of Representatives—B Wright
Secretary, Department of Parliamentary Services—A Thompson
GILLARD MINISTRY

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

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

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

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

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

[The above constitute the shadow cabinet]
<table>
<thead>
<tr>
<th>Shadow Ministry Role</th>
<th>Shadow Minister/Parliamentary Secretary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shadow Minister for Employment Participation</td>
<td>Hon. Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Minister for Justice, Customs and Border Protection</td>
<td>Mr Michael Keenan MP</td>
</tr>
<tr>
<td>Shadow Assistant Treasurer and Shadow Minister for Financial Services and Superannuation</td>
<td>Senator Mathias Cormann</td>
</tr>
<tr>
<td>Shadow Minister for Childcare and Early Childhood Learning</td>
<td>Hon. Sussan Ley MP</td>
</tr>
<tr>
<td>Shadow Minister for Universities and Research</td>
<td>Senator Hon. Brett Mason</td>
</tr>
<tr>
<td>Shadow Minister for Youth and Sport and Deputy Manager of Opposition Business in the House</td>
<td>Mr Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Shadow Minister for Indigenous Development and Employment</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Shadow Minister for Regional Development</td>
<td>Hon. Bob Baldwin MP</td>
</tr>
<tr>
<td>Shadow Special Minister of State</td>
<td>Hon. Bronwyn Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for COAG</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Shadow Minister for Tourism</td>
<td>Hon. Bob Baldwin MP</td>
</tr>
<tr>
<td>Shadow Minister for Defence Science, Technology and Personnel</td>
<td>Mr Stuart Robert MP</td>
</tr>
<tr>
<td>Shadow Minister for Veterans' Affairs and Shadow Minister Assisting the Leader of the Opposition on the Centenary of ANZAC</td>
<td>Senator Hon. Michael Ronaldson</td>
</tr>
<tr>
<td>Shadow Minister for Regional Communications</td>
<td>Mr Luke Hartsuyker MP</td>
</tr>
<tr>
<td>Shadow Minister for Ageing and Shadow Minister for Mental Health</td>
<td>Senator Concetta Fierravanti-Wells</td>
</tr>
<tr>
<td>Shadow Minister for Seniors</td>
<td>Hon. Bronwyn Bishop MP</td>
</tr>
<tr>
<td>Shadow Minister for Disabilities, Carers and the Voluntary Sector and Manager of Opposition Business in the Senate</td>
<td>Senator Mitch Fifield</td>
</tr>
<tr>
<td>Shadow Minister for Housing</td>
<td>Senator Marise Payne</td>
</tr>
<tr>
<td>Chairman, Scrutiny of Government Waste Committee</td>
<td>Mr Jamie Briggs MP</td>
</tr>
<tr>
<td>Shadow Cabinet Secretary</td>
<td>Hon. Philip Ruddock MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary Assisting the Leader of the Opposition</td>
<td>Senator Cory Bernardi</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for International Development Assistance</td>
<td>Hon. Teresa Gambaro MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Roads and Regional Transport</td>
<td>Mr Darren Chester MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary to the Shadow Attorney-General</td>
<td>Senator Gary Humphries</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Tax Reform and Deputy Chairman, Coalition Policy Development Committee</td>
<td>Hon. Tony Smith MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Regional Education</td>
<td>Senator Fiona Nash</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Northern and Remote Australia</td>
<td>Senator Hon. Ian Macdonald</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Local Government</td>
<td>Mr Don Randall MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Murray-Darling Basin</td>
<td>Senator Simon Birmingham</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Defence Materiel</td>
<td>Senator Gary Humphries</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Defence Force and Defence Support</td>
<td>Senator Hon. Ian Macdonald</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Primary Healthcare</td>
<td>Dr Andrew Southcott MP</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Regional Health Services and Indigenous Health</td>
<td>Mr Andrew Laming MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Supporting Families</td>
<td>Senator Cory Bernardi</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for the Status of Women</td>
<td>Senator Michaelia Cash</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Environment</td>
<td>Senator Simon Birmingham</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Citizenship and Settlement</td>
<td>Hon. Teresa Gambaro MP</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Immigration</td>
<td>Senator Michaelia Cash</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Innovation, Industry, and Science</td>
<td>Senator Hon. Richard Colbeck</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Fisheries and Forestry</td>
<td>Senator Hon. Richard Colbeck</td>
</tr>
<tr>
<td>Shadow Parliamentary Secretary for Small Business and Fair Competition</td>
<td>Senator Scott Ryan</td>
</tr>
</tbody>
</table>
CONTENTS

MONDAY, 20 JUNE 2011

Chamber
BUSINESS—
Rearrangement ................................................................. 3237

BILLS—
Corporations Amendment (Improving Accountability on Director and Executive
Remuneration) Bill 2011—
Second Reading................................................................. 3237
In Committee................................................................. 3242

BUSINESS—
Days and Hours of Meeting ............................................. 3249
Rearrangement ................................................................. 3249

BILLS—
Tax Laws Amendment (2010 Measures No. 5) Bill 2010—
Second Reading................................................................. 3250

ADDRESS BY THE PRIME MINISTER OF NEW ZEALAND ........ 3260

PETITIONS—
Community Development Employment Program ...................... 3267

NOTICES—
Presentation........................................................................ 3268
Postponement..................................................................... 3269

BUSINESS—
Leave of Absence............................................................... 3270

COMMITTEES—
Community Affairs Legislation Committee—
Reporting Date ................................................................... 3270
 Reform of the Australian Federation Committee—
Reporting Date ................................................................... 3270
 Community Affairs References Committee—
Reporting Date ................................................................... 3270

BILLS—
Live Animal Export Restriction and Prohibition Bill 2011—
First Reading....................................................................... 3270
Second Reading.................................................................... 3270
Interactive Gambling and Broadcasting Amendment (Online Transactions and Other
Measures) Bill 2011—
First Reading....................................................................... 3272
Second Reading.................................................................... 3272

MOTIONS—
World Refugee Day............................................................. 3274

MATTERS OF PUBLIC IMPORTANCE—
Carbon Pricing ..................................................................... 3274

COMMITTEES—
Finance and Public Administration Legislation Committee—
Report.................................................................................. 3287
Cyber-Safety Committee—
CONTENTS—continued

Report

DELEGATION REPORTS—
Delegation to the United Nations General Assembly—
Report

BILLS—
Carbon Credits (Carbon Farming Initiative) Bill 2011—
Carbon Credits (Consequential Amendments) Bill 2011—
Australian National Registry of Emissions Units Bill 2011—
First Reading
Second Reading

COMMITTEES—
Legal and Constitutional Affairs Legislation Committee—
Report

BILLS—
Tax Laws Amendment (2010 Measures No. 5) Bill 2010—
Second Reading
In Committee
Third Reading

Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011—
In Committee
Third Reading

Taxation of Alternative Fuels Legislation Amendment Bill 2011—
Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011—
Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011—
Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011—
Second Reading

BUSINESS—
Rearrangement

BILLS—
Governance of Australian Government Superannuation Schemes Bill 2011—
ComSuper Bill 2011—
Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011—
Second Reading

Taxation of Alternative Fuels Legislation Amendment Bill 2011—
Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011—
Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011—
Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011—
Second Reading
In Committee
Third Reading

Governance of Australian Government Superannuation Schemes Bill 2011—
ComSuper Bill 2011—
Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011—
Second Reading
CONTENTS—continued

In Committee................................................................. 3341
ADJOURNMENT—
Tigers Oxfam Trailwalker Team........................................... 3346
CEO Sleep-out ............................................................. 3348
Penrith Valley Fund Business Sleepers................................ 3348
Australian Capital Territory Centenary............................. 3350
Australian Greens.......................................................... 3353
DOCUMENTS—
Tabling.............................................................................. 3354
Questions On Notice
Mining—(Question No. 10)................................................... 3357
Internet—(Question No. 442)............................................... 3357
Defence: Staffing—(Question No. 456)................................. 3358
Treasury: Staffing—(Question No. 612)............................... 3359
Australian Reinsurance Pool Corporation: Hospitality—(Question No. 666) .......... 3367
The PRESIDENT (Senator the Hon. John Hogg) took the chair at 10:00, read prayers and made an acknowledgement of country.

BUSINESS

Rearrangement

Senator CHRIS EVANS (Western Australia—Minister for Tertiary Education, Skills, Jobs and Workplace Relations and Leader of the Government in the Senate) (10:01): I move:

That—

(a) government business order of the day no. 3 (Remuneration and Other Legislation Amendment Bill 2011) be postponed till the next day of sitting; and

(b) intervening business be postponed till after consideration of government business order of the day no. 5 (Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011).

Question agreed to.

BILLS

Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator CORMANN (Western Australia) (10:01): The coalition will not oppose the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011. However, we will seek to make an important amendment to it and we will raise some questions during the committee stages of the debate. While we are broadly supportive of the objective of achieving better alignment between shareholders and boards on the issue of executive remuneration, we are concerned about the potential for unintended consequences which can flow from excessive and overly prescriptive regulation in this area.

This bill does implement recommendations of the Productivity Commission from its recent inquiry into executive remuneration in Australia which reported back on 4 January 2010. Concern around the issue of executive remuneration led to this review. The review commenced in 2009 and received 170-odd submissions. The final report was provided to the government back in December 2009.

This bill's main provisions include requiring a vote for directors to stand for re-election if they do not adequately address shareholder concerns on remuneration issues over two consecutive years—the so-called 'two-strikes rule'. It changes regulation with respect to the use of remuneration consultants. It prohibits directors and executives voting their shares on remuneration resolutions. It prohibits hedging of incentive remuneration. It requires shareholder approval for declarations of no vacancy at an annual general meeting. It requires that any directed proxies are voted as directed. It seeks to reduce the complexity of the remuneration report by confining disclosures in the report to the key management personnel.

Changes to voting arrangements must, in our view, be careful not to distort the wishes of the majority of shareholders. The views of a minority of shareholders, while important, should not too easily hold hostage the majority view across company annual general meetings. When it comes to the level of support required to reject a remuneration report—a process that can lead to a spill of the board—we believe the bar has been set too low. As currently proposed, the threshold for the two-strikes rule is 25 per cent of votes cast. This could be a very low threshold indeed. If fewer than 50 per cent of votes are...
cast and there are 25 per cent of that, it could be a very small number of shareholders that could lead a company to a circumstance where the board would be spilled at a subsequent AGM. Therefore, the coalition will be moving an amendment to require the threshold to be 25 per cent—but 25 per cent of the total votes available to be cast. That is still a minority across any AGM; however, it is a more representative sample and, we believe, more appropriate in the context of what is being proposed.

There are a number of other issues that we might be able to address during the committee stages of the bill, but I do flag that during the committee stages the coalition will be moving a series of amendments to ensure, essentially, that the 25 per cent threshold for the two-strikes rule is applied to the votes available to be cast, not just to the votes actually cast at the AGM. We think that is a more appropriate reflection of a sufficient proportion of shareholder votes at an AGM in relation to remuneration matters.

**Senator BOB BROWN** (Tasmania—Leader of the Australian Greens) (10:06): The Greens have a long history of calling for a curb on executive remuneration. I cannot go beyond former Prime Minister Rudd’s description of some of the packages going to CEOs in 2008 as ‘obscene’. And obscene they are. An example of that is Rio Tinto’s Tom Albanese, who has over $9 million in the latest package, which is a 328 per cent increase in one year. Ask some of the workers in Rio Tinto how they would like a 328 per cent increase, let alone a multi-million dollar package. I am sure we would find that they would all like that sort of consideration. Don Voelte, who is about to go back across the Pacific from Woodside, is getting over $8 million. It would be interesting to see if there is a severance package there. The Commonwealth Bank’s CEO is getting over $16 million; that is a 75 per cent increase in one year, and this is a bank that still charges pensioners $2 to withdraw $20 if they have their account with a rival bank. Then there is BHP Billiton, where Marius Kloppers is the recipient of $11 million.

The community has a right to be very concerned about the growing gap between the richest and the poorest in this country. It is something we Greens speak a lot about on a global basis. The number of people on the planet who cannot feed themselves—who are hungry—at the moment has gone from 800 million to 1,000 million this year, but we are here talking about executives who are on packages of more than $2 million, $5 million, $10 million or $15 million in one year. All of us are born onto the planet equal, but human society—and that includes in democratic countries—is allowing the growth of an egregious difference in the way we and our fellow human beings, inside and outside this country, are treated.

The average CEO in Australia earns over 100 times the average wage, and executive remuneration is going up faster than average wages. That means the average CEO in this country is taking home each year more than 100 times the income of people who are on the average wage. There is no way that that can be justified. I know we will hear from the opposition—and it has been the standard mantra from business itself—that you have to pay extraordinary and obscene packages to get the best talent. That does not bear scrutiny, because the best talent—and there is a lot of discussion about this in corporate management circles these days—has a very clear human dimension to it. It is not just talking about profit lines and management regimes; it is about treating workers within your own aegis with sympathy, as human beings and as people who effectively keep corporations going every bit as much as any CEO may do.
When we go back to looking at how out of kilter this is, the total remuneration of a chief executive of a top-50 company listed on the Australian Securities Exchange was $6.4 million last year, in 2010—$6.4 million. Here we are in a cycle of struggle as far as government is concerned, looking at making things harder for people with disabilities or families who have youngsters at home and are dependent upon government supplements, because there is not money in the kitty—and why isn't there money in the kitty? Amongst other reasons, it is because the two-speed economy means the miners and the mining sector are not only not paying their way but making it more difficult for everybody's kitty. Up go interest rates because of these multibillion-dollar profits. Up has gone the dollar because of these multibillion-dollar profits. Much of those profits is being exported overseas. We Greens are in favour of free enterprise, but that means free enterprise which is regulated through the democratic system by this parliament. We do not see in this legislation the required and responsible option of saying to CEOs, 'You can have multimillion-dollar take-home packages, provided they are not more than 30 times the average take-home pay of people in your enterprise.'

Honourable senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Forshaw): Excuse me, Senator Brown. There is too much conversation. Senator Brown, you have the call.

Senator BOB BROWN: The Greens—I might say with some embarrassment, because we think even this proposal is out of kilter—will move to amend this bill so that there is a limit of 30 times put on the gap between executive salaries and the average worker. I ask you, Mr Acting Deputy President, and I ask every other senator: when you sit down and think about it, do you believe that executives do 30 times the amount of work of the average worker in any corporation? The answer is: no, they do not. Then do you believe that executives who have had the privilege of getting to the top should not have a qualification which says they understand their workers enough to be able to share the largesse of the corporation so that they do not get more out of the corporation than their work warrants—or, to put it the other way, that the average workers in the corporation are not going home struggling to make ends meet while the executive is working out how to spend a multimillion-dollar take-home package that is more than 30 times that of the average worker in the corporation? Common sense, common decency and an egalitarian approach to the way our society works demand that we seriously look at this extraordinary overrun of the executive pay gravy train, driven up front by executives and boards themselves. From 2001-2010 executive pay rose by 130 per cent, but average weekly earnings rose only by 52 per cent. That is not taking into account real amounts because that is even more startling. On a percentage basis executive salaries are rising at three times that of average workers. Over the last financial year executive pay rose by an average of almost $1 million—$18,000 per week. That is the increase in what Kevin Rudd called 'obscene packages'. Over the same period the average wage of full-time workers rose by just $3,200, or $62 per week. So there you have executives getting $18,000 per week extra and the average workers getting $62. How can we entertain facilitating that sort of increase? The legislation we have before us today says that it will empower shareholders in corporations, if they have a 25 per cent vote twice against executive packages, to have a 50 per cent vote to throw out the board. But it does not really tackle this issue, and the Labor
and we stick to our guns on it, because what we are proposing is eminently reasonable; in fact, it is far short of what we should have if we were to have a fairer system in place in this country.

The Greens support other measures in the bill to increase transparency with regard to executive remuneration. That includes increasing the transparency and accountability with respect to the use of remuneration consultants; in particular, that such consultants report to non-executive directors or the remuneration committee. We also support addressing conflicts of interest that exist with directors and executives voting their shares on remuneration packages and agree that directors and executives with voting shares should not be allowed to vote on the remuneration reports.

We also back the components of the bill ensuring that remuneration remains linked to performance by prohibiting hedging of incentive remuneration; requiring shareholder approval for declarations of no vacancy at an annual general meeting; prohibiting proxy shareholders from cherry picking the proxies they exercise by requiring that any directed proxies that are not voted default to the chair, who is required to vote for the proxies as directed; and reducing the complexity of the remuneration report by confining disclosures in the report to the key management personnel.

These measures also go to implementing some of the principles of executive remuneration agreed by the G20, nearly two years back, improving the way companies go about determining remuneration for executives and increasing transparency, which is at the heart of this legislation. But when it gets to the key—the actual definition of a limit to executive packages which are right off the show and getting worse—this bill is not going to address the problem. The Greens
amendment will address the problem—and very modestly at that—but this bill will not do that. I will be moving the amendments in committee, and I will ask the other senators in the chamber to seriously consider those amendments. I can assure them that they will have the backing of the Australian people if the amendments are supported.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (10:21): On behalf of the government I thank those honourable senators who have taken part in the debate on the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011. The issues for those of us in the chamber are familiar. We have had debate on these matters in some way, shape or form, certainly I can recollect, at least four or five times over the last five or six years. It well illustrates the community interest in executive remuneration.

The government, and I on behalf of the government, believe it is important to have a remuneration framework that not only is internationally competitive but also appropriately rewards executives for the wealth they create for shareholders. While Australia's framework is relatively strong, the global financial crisis highlighted many issues relating to remuneration structures. In particular, it illustrated the dangers of remuneration structures that focus on short-term results, reward excessive risk taking and promote corporate greed.

Responding to these concerns in 2009, the government delivered reforms to empower shareholders to reject excessive termination benefits or 'golden handshake' payments. Also in 2009, the government announced it would task the Productivity Commission to undertake a broad review of Australia's remuneration framework. Following a comprehensive inquiry, the Productivity Commission found that Australia's corporate governance and remuneration framework is highly ranked internationally. However, it also recommended a range of reforms to further strengthen Australia's remuneration framework.

The government supported and further strengthened the majority of the recommendations. This bill implements many of these recommendations, and will put in place measures that will empower shareholders to influence the remuneration decisions of their company. For example, the bill requires company boards to be responsive to shareholder concerns on remuneration issues through the introduction of a 'two-strikes' test. This will ensure greater accountability of board members if they do not adequately respond to shareholder concerns on remuneration issues over two consecutive years.

In addition, the bill facilitates the independence of remuneration consultants by introducing measures that will assist shareholders to assess the independence of the advice that remuneration consultants provide to boards and remuneration committees. The bill does this by introducing requirements about who must approve the engagement of a remuneration consultant and who the remuneration consultant must report to. The bill also requires the board and the remuneration consultant to provide a declaration of his independence as well as requiring disclosure of key information such as the fees paid to the remuneration consultant.

The bill prohibits the company's directors and key executives or key management personnel and their closely related parties from voting their shares in a non-binding vote on a remuneration report. This will
address the conflict of interest that arises when key management personnel vote on their own remuneration packages.

Key management personnel would also be prohibited from voting undirected proxies on a remuneration report and spill resolution, with an exception for when they are acting as chair of the meeting and the shareholder has provided their informed consent. The exception for the chair is intended to apply to the non-binding vote required under section 250R of the Corporations Act.

The bill also prohibits key management personnel from hedging their incentive remuneration. This will ensure that remuneration remains linked to performance and the interests of management remains aligned with the interests of shareholders. The bill prevents boards from declaring 'no vacancy' without explicit shareholder consent. This will ensure that the board cannot operate in a closed-shop fashion and will provide greater scope for shareholder oversight on issues like executive remuneration.

Finally, the bill prevents proxy holders from cherry-picking which proxies they exercise, which will enfranchise shareholders who choose to vote by proxy. In summary, this bill will give unprecedented power to shareholders, improve the accountability of company directors on remuneration issues, address conflicts of interest that exist in the remuneration-setting process and promote a culture of responsible remuneration practices. At the same time, the bill recognises that directors are accountable to shareholders for the level and composition of executive remuneration. As shareholders are the owners of the company, they take on the risk of investing their capital and share in the company's profits and losses and they deserve more say over how the pay of company executives is set. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10:27): I move:

(1) Schedule 1, item 8, page 7 (after line 29), after Part 2D.8, insert:

Part 2D.9—Limit on benefits for key management personnel

206N—Limit on benefits for key management personnel

Despite any other provision of this Act, an entity must not give, or propose to give, a benefit in connection with a member of the key management personnel of the entity which in any financial year exceeds, or is capable of exceeding, an amount that is 30 times the average wage or salary of a full-time employee of the entity.

Note 1: The recipient of the benefit need not be the member of the key management personnel.

Note 2: Key management personnel has the meaning given by section 9.

(2) If the benefit is given, or is proposed to be given, in connection with a member of the key management personnel of the entity for a period of less than 12 months in a financial year, the amount calculated under subsection (1) is taken to be reduced proportionately to reflect the number of days in that year to which the benefit relates.

(3) In this section:

benefit includes the amount of the benefit or the money value of the benefit (if it is not, or not solely, a payment of a monetary amount).

entity includes related entities, so that the total or all benefits given by related entities in relation to a member of the key management personnel must not exceed the relevant amount. full-time employee does not include any person who is a member of the key management personnel or who holds a similar position, or any other person prescribed by the regulations.
(4) For the purposes of subsection (1), the regulations may prescribe a method or methods for the calculation of the average wage or salary of a full-time employee of an entity.

The amendment is self-explanatory. There are definitions below that. It means that we as a parliament responsible for ensuring that the people of this nation share in its wealth put a limit of 30 times on the packages of CEOs that of the average worker in a corporation. I am not going to labour the point. It is so obviously self-explanatory; it is so obviously reasonable; it is so obviously decent; it is so obviously in keeping with Australians and the hard work that people do for corporations that there should be such a limit paid on the executive caps.

We are talking about this in an era in which stronger action is being taken in Europe, in an era in which we are seeing—and I know that the opposition argues—a greater international interchange of CEOs. Many of the CEOs that get these extraordinary packages in Australia come to Australia for a few years and leave again. The opposition argues—

Senator Cormann: And the government.

Senator BOB BROWN: And the government, that they will be better skilled than Australians. I do not accept that. I do not believe it and, as I said in the second reading speech, I think there is a humanity involved in the payment in the qualities that you look for in a CEO. There is some parallel here in the endless argument about how well or otherwise members of parliament are paid and there can be no justification—and I have heard none in this debate and will hear none—for packages as big as $16 million in one year being taken, raked off by CEOs of big banks in this country, while, as I said, there is a regressive tax at ATM level on the poorest people in Australia, put on by the banks and illegal if it were in the United Kingdom, but done here in Australia and raising enormous amounts of money. It is not enough to pay for those CEO packages, you would not think, but contributes to them at the expense of people who are having a real struggle—good Australians, people who have worked all their lives for this country and for these corporations, who find themselves in struggle street while bank managers and mining corporation managers take home packages way in excess of $10 million, and headed even higher in a country where the principle of a fair go and a reasonable relationship between CEOs packages and those of ordinary workers has been lost and needs to be regained. I commend this amendment to the bill to the chamber.

Senator CORMANN (Western Australia) (10:32): The coalition will not be supporting this Greens amendment. The level of executive remuneration is appropriately a matter for companies to decide. It is up to shareholders and their company boards to make these sorts of decisions. Parliament has a role in ensuring that a proper framework is in place to ensure transparency of decision-making around executive remuneration matters. While we have concerns about some aspects of this bill, hence the coalition amendments on the Notice Paper, this is what this bill is trying to do. But there is no role in the coalition's view for government, or the parliament for that matter, to interfere in the level of remuneration by imposing a legislation pay cut.

The Greens proposal in our view is completely irresponsible. To go down this path seriously undermines our international competitiveness when it comes to attracting the best and brightest to run our companies. We do want to attract the best people to lead Australian companies so that those companies reach their full potential, which of course helps Australia to maximise our potential in terms of economic growth. This
is obviously an area where it is easy to go for the populist proposal that can readily generate a superficial level of public support. But when you actually scrutinise the implications of this and what it would mean in terms of maximising our opportunities across Australia, this would actually be a very, counterproductive amendment if it were passed by the Senate and, as such, the coalition will oppose it and recommends to the Senate that it do likewise.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (10:34): On behalf of the government, this is not an unfamiliar amendment. We have had it brought to the Senate on at least three or four occasions that I can recall in dealing with these matters, though I think on this occasion we are dealing with a proposed cap from the Greens of approximately $1.98 million. On previous occasions, I can recollect, it was approximately $5 million.

Shareholders take on the risk of investing capital and they share in the company's profits and losses. As the owners of a company, the government believes they do deserve more say over the remuneration of company executives. I suppose the key argument before us in dealing with this amendment and the legislation is how that is achieved. Giving shareholders a greater ability to spill the board, that is, remove them, over the remuneration of company executives, is a tough measure. It is a tough measure by any international standards that I am aware of.

But we also have to be economically responsible. Companies are important to the Australian economy and it is the role of the owners of those companies, the shareholders, to hold directors accountable on remuneration matters. It is not the role of government to hold the executives directly responsible; it is the role of shareholders.

The Productivity Commission reports states that a cap, as is being proposed here—and which of course was obviously a matter of consideration by the PC; it was certainly presented by a number of the submitters to the PC—

... would disadvantage some firms over others and have undesirable commercial consequences for Australian companies relative to their competitors and that is on page xxvii, page 27.

The Productivity Commission also points out in the report:

There is no single right answer to structuring pay. Board discretion remains central to ensuring that pay structures are appropriate for each company's circumstances over time.

That is on page 189. It continues:

A salary cap would place Australia's public companies at a disadvantage against international competitors and private companies particularly in relation to hiring and retaining their executive talent.

Under the government's reforms directors will need to be able to stand in front of the shareholders and justify their decisions in relation to the pay packets of executives or face the risk of being removed from the board. The government wants to make sure that Australia has a system that rewards talent, hard work and good performance and gives shareholders the ability to have their say if they believe that an executive is being paid too highly. Importantly, the two-strikes test strengthens the non-binding vote while maintaining the fundamental principle underlying Australia's corporate governance framework that directors are responsible for, and accountable to, shareholders on all aspects of the management of the company. The Labor government will not be support-
ing the amendment moved by Senator Brown on behalf of the Greens.

**Senator BOB BROWN** (Tasmania—Leader of the Australian Greens) (10:37): There we got the same old argument that we do not have the best and brightest in Australia and we need to import them from overseas—jack up the salaries, give more millions on top of the millions already, attract the Don Voeltes and other people from elsewhere because we do not have the talent in Australia. What rubbish! What utter hogwash! If Senator Cormann and the opposition want to have a plebiscite they should have one on the Greens' wish to put a cap of $5 million on CEO salaries. If you want to spend millions more dollars of taxpayers' money, try us on that one.

**Senator Cormann:** Are you proposing that?

**Senator BOB BROWN:** I bet you and Mr Abbott will not do that, will you? Of course, you will not.

**The TEMPORARY CHAIRMAN** (Senator Forshaw): Order! Senator Brown and Senator Cormann—

**Senator Cormann:** Is that what you are proposing?

**The TEMPORARY CHAIRMAN:** Senator Cormann!

**Senator Sherry interjecting**—

**The TEMPORARY CHAIRMAN:** Minister! Has everybody finished? Senator Brown, you will direct your remarks through the chair and Senator Cormann, you will cease engaging in across the chamber discussion.

**Senator BOB BROWN:** I think we have touched a nerve here.

**The TEMPORARY CHAIRMAN:** Not mine, but you carry on.

**Senator BOB BROWN:** No, you have had to defend him. We are not going to hear such a positive mood for my challenge. Let us have a plebiscite, if the opposition want one, on pegging these obscene CEO salaries at $5 million, which is 75 times the average income of workers in this country. If they want to do something about making this country a fairer place in the future, they should try that on. Of course, they will not. They repeatedly come in here to advocate for the already rich—the super-rich, the millionaires and the barons—against the interests of the average worker and the future of the average Australian.

This is a more modest amendment. I have heard the government just reject it. It is the right thing to do. The Greens feel very strongly about this matter and feel very justified in bringing this worthy amendment before the chamber.

**Senator SHERRY** (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (10:40): There is one relatively brief point I want to make about this issue of international competitiveness. Whether Senator Brown or indeed anyone else likes the fact or not, it is a fact that many areas of the economy in Australia—and I can think of many sectors, including the mining sector and the finance sector—are interlinked with the rest of the world. Whether people like that or not, it is a fact that many areas of the economy in Australia—and I can think of many sectors, including the mining sector and the finance sector—are interlinked with the rest of the world. Whether people like that or not, it is just a fact of life that we are in an internationally competitive world. It is appropriate that in some areas of the labour market there is movement to and from Australia as part of that world economy, and that is true in financial services, tourism and mining. That is just a fact of life.

No matter how some people might criticise that or be concerned about it, it is part of the international capitalist economy
in which we live. Part of that, of course, is the movement to and from labour markets and on occasions—I would not argue or suggest on all occasions or anywhere near it—you need to take into account the pay and conditions in that international labour market itself. That is just part and parcel of a modern Australian economy and a modern world economy.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (10:41): The minister mentioned financial services now need to be there with the rest of the world, so is he going to join other members of the G20 in supporting a Tobin tax so that financial services have minimal tax applied so we can help feed the million people starving around the world? I do not think we are going to hear that from this government. I do not think we are going to hear from the government or the opposition that there will be agreement to back financial packages going to CEOs that may come through in the UK or Europe. We as a parliament here are charged to set rules for our own country. Sure, there is international trade in lots of things but there are lots of restrictions on that as well, legislated by the coalition and legislated by the opposition. That is what we are here for. We are here to ensure we do the right thing by Australians, and this amendment does the right thing by Australians.

Senator IAN MACDONALD (Queensland) (10:42): I was working away in my office watching the in-house broadcast of these proceedings on the TV, as I always do, and I was occasioned to come down here by the ultimate hypocrisy of the Greens yet again. Here is Senator Bob Brown railing about the multinationals, the millionaires and the billionaires and how the Greens are opposed to them. I reflect on the flood levy tax, which the Greens supported quite vociferously, and wonder why then Senator Brown was not so concerned about the multinational billionaire companies. You will recall that with the flood levy, which the Greens supported, the only people who were taxed were individual Australians, not companies—not the big mining companies that earn so much money and send all the profits overseas, as we keep hearing Senator Brown talk about. When I asked Senator Brown during that debate why he was exempting those multinational billionaire companies, as he calls them—the companies that send all of Australia's profits overseas, as he says—from the flood levy but imposing that flood levy on ordinary Australians, did I get an answer from Senator Brown? Of course I did not, because it just demonstrates the hypocrisy of the Greens political party. I do not want a rerun of the flood levy tax debate, but I do want to ask Senator Brown again why it was that he was imposing a tax on the local butcher and baker but not imposing the same tax on Woolworths and Coles, who are the principal competitors of the local butcher and baker. Did I get an answer to that? Would I get an answer now perhaps, Senator Brown? Perhaps you will tell me why your party's hypocrisy knew no ends when it came to the flood levy tax. That was an important debate, as is the debate before us today.

What Senator Cormann has indicated on the bill and amendment is sensible and is the way I will vote when this bill comes to fruition, but I do want to know, on hearing all the pious words, all the anger and all the enthusiasm of Senator Brown about the billionaires who run the country, why he exempted those billionaires from the flood levy. Why did he make the local butcher and baker pay the flood levy tax but not Coles and Woolworths?

The TEMPORARY CHAIRMAN (Senator Forshaw): Order! Senator Macdonald, I appreciate the context in which you have been putting your remarks in this
debate, but we are dealing with entirely different legislation. I think you are starting to stray, particularly in asking questions of Senator Brown on another piece of legislation. You should return to making remarks on this bill.

Senator IAN MACDONALD: Thank you, Mr Temporary Chairman. I hoped I was and I certainly intended to talk about this bill. I thought the approach that Senator Cormann adopted on this bill was one which all Australians would support and is certainly the one that I as a senator will be supporting. What I cannot stand in this committee stage is the absolute hypocrisy of the Greens political party. Anyone listening to the debate on this bill would have heard Senator Brown railing about the wealthy people and the billionaires and how they should not be allowed to get away with it.

In the context of that debate, I ask Senator Brown about those that he calls billionaire, multinational companies, mining companies, Woolworths and Coles. I do not agree with his descriptions, as I do not agree with his descriptions on this amendment before the chair, but why is he so opposed to the foreign, wealthy individuals or companies that he is talking about in this debate yet in the flood levy he let them off absolutely scot-free? It did not cost them a cent. It cost the local butcher and baker a heap and will continue to do so while this flood levy is on. Thanks to Senator Brown supporting the government on this, those multinational companies—the billionaires he talks about who run these companies—have been let off scot-free.

I challenge Senator Brown. Perhaps it is not directly on message, but he refused to answer the question during that debate. He scurried away, joined his mates in the Labor Party and got that tax through on ordinary Australians, but when we suggested it should be a more wide-ranging tax—that is, an income tax that everyone paid to fix up the flood damage in my state and other states—where was Senator Brown? He had scurried away. He was not game to come back and answer those questions then. So here is his opportunity. Perhaps he can do it now. A division having been called and the bells being rung—

The DEPUTY PRESIDENT: Order! Senators, the matter that is currently under consideration will have to be adjourned because we have a standing order that says that divisions on Monday mornings cannot take place before 12.30 pm and any questions put to the Senate must be adjourned until after that time. This division will have to be put again at a later stage today because we will not be here at 12.30 pm. The motion moved by Senator Brown is postponed.

Senator CORMANN (Western Australia) (10:58): As we flagged during the second reading debate, I will move the amendments which have been circulated on behalf of the coalition in relation to the number of votes having to be cast in order to trigger the so-called two-strikes rule, which can lead to a spill motion. I seek leave to move amendments (1) to (4) on sheet 7087 together.

Leave granted.

Senator CORMANN: I move:

(1) Schedule 1, item 9, page 8 (lines 4 and 5), omit "votes cast on a resolution that the remuneration report be adopted were", substitute "total votes that were entitled to be cast on a resolution that the remuneration report be adopted were cast".

(2) Schedule 1, item 13, page 12 (lines 6 and 7), omit "votes cast on a resolution that the remuneration report be adopted were", substitute "total votes that were entitled to be cast on a resolution that the remuneration report be adopted were cast".
(3) Schedule 1, item 13, page 12 (lines 9 and 10), omit "votes cast on a resolution that the remuneration report be adopted were", substitute "total votes that were entitled to be cast on a resolution that the remuneration report be adopted were cast".

(4) Schedule 1, item 19, page 16 (lines 29 and 30), omit "votes cast were", substitute "total votes that were entitled to be cast were cast".

The government is proposing to introduce the so-called two-strikes rule. Under the new law, a two-strikes and re-election process would be introduced in relation to the non-binding shareholder vote on the remuneration report. The first strike would occur where a company's remuneration report received a no vote of 25 per cent or more. If this occurred, an explanation of the board's proposed action in response to the no vote would be required. The second strike would occur where a company's subsequent remuneration report received a no vote of 25 per cent or more. Where this occurred, shareholders would vote at the same AGM to determine whether the directors needed to stand for re-election. If the spill motion passed with more than 50 per cent of eligible votes cast then a spill meeting would take place within 90 days.

We are talking about a process which can have significant consequences for the companies involved. The government is proposing to calculate the 25 per cent vote on the basis of 25 per cent of the votes cast. The coalition takes the view that that is an inappropriately low proportion. In fact, as we understand it, there is no threshold below which the vote would be prevented from falling. Let me explain. If only 40 per cent of the votes available to be cast are cast—and 25 per cent of 40 per cent is 10 per cent—10 per cent of shareholders can start a process which can lead to a spill motion to be considered by the AGM. I do not think there is any limit as to how low this could go. I would be interested in getting the minister's clarification. What if only 20 per cent of the votes available to be cast are cast? With the 25 per cent, that comes to five per cent of shareholders.

I think our amendment is pretty self-explanatory. We think that a more appropriate threshold is 25 per cent of the votes available to be cast. This is still far from a majority of the shareholders in a company. To have these sorts of consequences, you would expect votes to be 50 per cent plus one. Because of what is being proposed here, 25 per cent seems to be the appropriate percentage, but it should not be 25 per cent of votes cast; it should be 25 per cent of votes available to be cast. Otherwise, as I have mentioned, too small a proportion of overall shareholders would be involved, leading to an outcome which was not properly representative.

As I mentioned, we think it is much more appropriate to use 25 per cent of total votes available, because that would be much more representative than what the government is proposing. That would still be a minority of the shareholders in a particular company, but it would be more than the government currently proposes, where there does not seem to be a limit below which a shareholder vote could fall while still triggering the two-strikes rule.

With those words, I commend the coalition amendment to the Senate.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (11:02): I have a couple of points on this amendment from the Liberal-National Party. On the issues of the threshold of 25 per cent, the Productivity Commission did consult widely. It is obviously a matter of
considerable interest, and indeed contention, for many.

While the first two strikes occur where a company's remuneration report receives a no vote of 25 per cent or more, there are still several protective measures in place to ensure that there is not a destabilising effect on company operations and that minority shareholders cannot abuse the process to inappropriately undermine company stability. Following the second strike, shareholders will vote to determine whether the directors will need to stand for re-election. The spill resolution can only pass with 50 per cent or more of eligible votes cast. If it passes then the spill meeting, which must be held within 90 days, also requires over 50 per cent of votes to pass. The two-strikes process allows shareholders to express their concern with the remuneration report and compels a company to outline their response to these concerns.

As the PC concluded, a threshold of 25 per cent would better align with levels commonly accepted as demonstrating serious shareholder concern about remuneration, particularly in light of current voting patterns. Clearly it provides a greater level of accountability than a threshold of 50 per cent. In short, the two-strikes test empowers shareholders to act against unresponsive boards while avoiding any destabilising effect on companies.

The senator asked a question about the minimum. The minimum is not a legislative minimum; it is the minimum established in the company's constitution, so that is the relevant figure. We believe it is appropriate, we do not believe it is set too low and we oppose the opposition's amendment.

The TEMPORARY CHAIRMAN (Senator Trood): The question is that the amendment standing in the name of the opposition be agreed to. A division is required. Under the standing orders for sitting of the Senate on Monday mornings, divisions have to be postponed until a later hour of the day, so we cannot proceed with this further now.

Progress reported.

BUSINESS

Days and Hours of Meeting

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (11:07): I seek leave to move a motion to vary the hours of meeting and routine of business for today.

Leave granted.

Senator SHERRY: I move:

That the order of the Senate agreed to on 16 June 2011 relating to the hours of meeting and routine of business for today, be amended as follows:

Paragraph (a), omit '3.30 pm', substitute 'at the ringing of the bells'.

Omit paragraph (b), substitute:

(b) on the resumption of the Senate meeting, following the ringing of the bells, the routine of business shall be the items specified in standing order 57(1)(a)(iv) to (xi).'

Question agreed to.

Rearrangement

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (11:07): I move:

That intervening business be postponed till after consideration of government business order of the day no. 4 (Tax Laws Amendment (2010 Measures No. 5) Bill 2010).

Question agreed to.
BILLS

Tax Laws Amendment (2010 Measures No. 5) Bill 2010

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator CORMANN (Western Australia) (11:08): The Tax Laws Amendment (2010 Measures No. 5) Bill 2010 makes a number of changes to Australian taxation law. The bill extends the main residence capital gains tax exemption to a capital gains tax event that is a compulsory acquisition of part of the adjacent land or structure of the main residence without the compulsory acquisition applying to the dwelling. The bill also allows non-profit subentities to access goods and services tax concessions available to a parent entity, including the higher registration turnover threshold available for non-profit bodies. It also provides that it will not be mandatory for the Commissioner for Taxation to apply a payment credit for running a balance account surplus against a tax debt that is a business activity statement amount unless that amount is due and payable.

The previous two issues flow from recommendations made by the Board of Taxation in its review of the legal framework for the administration of the GST. The bill makes two further changes to the eligibility criteria for accessing the film tax offsets, reducing the qualifying expenditure threshold for the post digital and visual effects offset from $5 million to $500,000 and removing the local production expenditure requirements for films between $15 million and $50 million.

The bill also changes the rules surrounding deductions in relation to benefit for terminal medical conditions, allowing costs associated with providing terminal medical condition benefits to become tax deductible. Furthermore, the bill includes school uniforms and a range of eligible expenses for the education expenses tax offset from 1 July 2011. The measures I have listed so far are measures which the coalition will support.

We have a further aspect to this bill which involves a broad variety of issues. The final change that is proposed in this bill is a change to the benchmark interest rate for capital protected borrowings. This issue was first proposed in the 2008 budget. This is another issue where the government made a real mess of things by not thinking things through properly. After the government decided to reduce the benchmark interest rate for capital protected borrowings in the 2008 budget, this particular segment of the market just completely collapsed. It is, again, an example of where the government did not think things through before acting. The consequences in the marketplace were immediate. We know that this government is addicted to new and ad hoc tax increases. This is just another one of those examples.

Capital protected borrowings are generally associated with the purchase and holding of shares, units in a unit trust or stapled securities such as instalment warrants. These financial products allow an investor to borrow money to purchase shares, units or stapled securities. These then become security for the loan. These products are used almost exclusively by individuals to access the equity, mainly Australian, or unit trust markets in a relatively prudent way. Industry, yet again, had not been consulted at all about the change and has made strong representations to the government post the May 2008 budget to have the original decision changed.

Since then the government has delayed proposing legislation to implement the
change on a number of occasions—in effect, for a period of three years now. In the May 2010 budget, the government then undertook to amend its proposal, changing its preferred benchmark rate by increasing it by 100 basis points. At current interest rate levels, this would be about nine per cent—about six percentage points below the personal unsecured lending rate. This measure, according to the budget papers, cost the government $28 million.

Schedule 2 of this bill amends the Income Tax Assessment Act 1997 and the Income Tax (Transitional Provisions) Act 1997 to adjust the benchmark interest rate used to determine the cost of capital protection on a capital protected borrowing. The benchmark rate is to be the RBA's indicator lending rate for standard variable housing loans plus the 100 basis points, as I have mentioned. The change would be effective for capital protected borrowings entered into from 13 May 2008, although there have not been all that many of them, given the absolutely incompetent way in which the government sought to introduce the proposal back in 2008.

Stakeholders understand that apportionment of deductible interest expenses involves a measure of discretion and subjectivity, but they maintain that the housing loan rate, even plus 100 basis points, is way too low. There is evidence, as I have mentioned, that capital protected borrowings have completely dried up since May 2008, which in turn has impaired the ability of individual investors to access the share market. The Senate Economics Committee inquired into this issue and its report was tabled on 25 March 2011. I want to commend the work done, in particular, by Senator David Bushby, in putting together a very sound argument in the coalition senators' dissenting report as to why what the government is proposing to do is not in the public interest. Evidence from Mr Duncan Fairweather, Executive Director of the Australian Financial Markets Association, revealed the scale of the collapse in these types of financial products. He said 'capital protected loans have fallen by over 45 per cent since the May 2008 budget announcement'.

It is clear that the benchmark rates will be set at an arbitrary threshold. The government's 2008 budget decision was clearly wrong, which is why they have subsequently walked away from it. The 100 basis point change contained in this legislation is an attempt by the government to salvage a mess that they have created by offering some sort of compromise. However, as I mentioned, stakeholders and experts in the industry argue that it is set way too low to reflect the economics of this market. The Tax Institute, in its submission to the inquiry, argued that the government's approach 'could produce inequitable and distortive outcomes'. More persuasive is the establishment of a benchmark rate at the midpoint between the indicator rates for standard variable rate housing loans and personal unsecured variable rate loans, as was recommended by the Australian Financial Markets Association.

The amendment that the coalition will seek to move during the committee stage is an attempt to set a level for this benchmark interest rate under capital protected borrowings that equates the cost of the component required for capital protection equivalent to the cost of acquiring separate protection. Given that this was the original goal of the legislation in establishing a threshold, it would seem to the coalition to be the more sensible approach. I appreciate that this is all very technical. However, the consequences in the marketplace have been real and immediate. It is not in our national interest for this sort of gung-ho, ad hoc approach by government to prevent people
from accessing the share market in a prudent way where they essentially provide insurance for themselves in the context of their investments. The coalition amendment would establish that the benchmark interest rate for capital protected borrowings would be at the midpoint between the indicator rates for standard variable rate housing loans and the personal unsecured variable rate loans as published by the Reserve Bank. We think that this is a more appropriate compromise position between the status quo and what the government has been trying to do since May 2008.

Evidence presented to the inquiry by Treasury suggests that the government's revenue estimates in relation to the original proposal and this amendment are highly overstated and unlikely to be achieved. In an exchange between Senator Bushby and Treasury, Senator Bushby asked:

Have you done any seat-of-the-pants calculations on what you think the impact that might have?

Dr Lynch said:

... we advised Treasury in 2008, that the market would fall back substantially. It has done that. So the government knew that the market was going to fall back substantially and they still pressed ahead. Dr Lynch continued:

Further, the level of activity in the income generator within that part of the industry has declined commensurately. Also the number of people employed in that part of the industry has been reduced. For a variety of reasons we think revenue certainly will not meet the expectations that are in the forecast. We cannot be precise with those numbers because I do not have the full basis behind the Treasury estimates.

Dr Lynch further said:

Looking at the longer term, if the market continues in the direction it is going at the present, there will not be very much revenue collected at all through this process.

As such, the fiscal impact of the proposed coalition amendment is assessed as minimal, which is consistent with the AFMA's evidence to the committee. I appreciate tax laws amendment bills are mostly very technical in nature. This bill deals with a broad cross-section of issues. All but one will be supported by the coalition. We will seek to make an amendment to the benchmark interest rate for capital protected borrowings, consistent with what I have outlined.

Senator HURLEY (South Australia) (11:19): Capital protected borrowings are indeed a useful tool for conservative investment in the market. The government has recognised this and seeks to put in place a schedule of this TLAB 5 that does continue this type of investment on reasonable grounds. John Murray's excellent definition of capital protected borrowings from the Parliamentary Library Bills Digest on the Tax Laws Amendment (2010 Measures No. 5) Bill 2010 is:

Capital protected borrowings (CPBs) are financial products used for investing in shares. A CPB usually consists of a limited recourse loan and a put option. Under the terms of a limited recourse loan, a lender cannot recover more than the value of the shares if the borrower defaults on the loan. If the value of the shares has increased over the term of the loan and exceeds the loan amount, the borrower pays back the loan amount in cash. Under the 'put option facility' if the value of shares has decreased and is less than the loan amount, the borrower transfers the securities back to the lender in full satisfaction of the loan. The borrower’s capital (the amount invested in the product) is therefore protected against a fall in the value of the securities.

This has some loose similarity to the margin loan type system, but it protects the capital while not protecting the interest expense. Under the previous system, both the capital and the interest expense were deductible. The Australian Taxation Office moved to change this. There are very, very few investments where your capital is a
deductible expense and the ATO moved against this overly generous system. Indeed, it was overly generous and the popularity of these products was high—and for very good reason: it was a tax system that was far more generous than most. The initial proposal in the 2008 budget caused a reaction against that. The government listened to the concerns in the financial market; they went back out and consulted about the proposals and came back with a different proposal. That proposal was that the interest expense would be looked at under a different way: the variable housing loan rate plus 100 basis points. This was a way to get a midrange that would reflect both a normal interest rate deductibility plus that 100 basis points that recognised the peculiar nature of added expenses in the setting up and running of these types of loans. That is a fairly reasonable rate.

The committee had a look at that and recognised that the margin loan rate was a measure that could be looked at. In the majority report of the committee, we recommended that the rate be set at between the RBA variable housing rate and the margin loan rate. The government has produced a graph that shows that the rate in this bill, of the variable housing loan rate plus 100 basis points, is at the moment exactly in the middle of that variable housing loan rate and the margin loan rate. The government makes the point that, as those rates will tend to come together as the markets settle down, the variable housing rate plus 100 basis points will actually tend towards the more generous end of the system. I take the government's point in that and also the point that the 100 basis points will continue on the more generous end. Although I see some merit in coming closer towards the margin loan rate, I accept that these two rates will converge and that the 100 basis points will be quite a generous outcome for most investors.

It is well known that in our tax system investors will go to wherever they can legally reduce their tax rate. I have no problem with this. The government has no problem with this. But we cannot create distortions in the market by being overly generous in the tax treatment. This is what the Australian tax office realised in the beginning when they withdrew this deductibility. A court case overturned that, and the government has responded in a measured fashion. Again, we have the coalition seeking to be negative about any government proposal; in fact, in this proposal it has taken the outer end of what the industry wants—the very outer end.

My understanding is that industry have indicated that they are happy with the margin loan rate as the indicator. Currently the rate proposed by the government is about 100 basis points below that and, as I have said before, it will probably come closer to the margin loan rate in the end. So the coalition have not only accepted that but have gone to the outer limits of what the industry have proposed as the outcome they wanted. This is not a sensible solution and again shows the coalition treading a more populist path. They are in opposition; they do not see any need to be responsible. I am sure they would have a different view if they were in government.

Senator CORMANN: We were in government; we put a better rate.

Senator HURLEY: The coalition have put in the outer limit of what the industry wanted. The industry have indicated that they would be satisfied with the margin loan rate, which, as of April 2011, was just under 10 per cent. The rate that the coalition are looking for is nearly 12 per cent, which is two per cent above the margin loan rate. So it is an extreme position, done to garner a bit
of support and to tread the populist line, when in fact there is a sensible solution.

I am sure that the government position will be supported by an increase in the amount of these capital protected borrowings that come about. Of course we want to make it a possible option, but we do not want to make it so attractive that it is used for tax evasion, and that is the whole point of this schedule. As I said, the committee leaned towards the possibility of bringing it up towards the margin loan rate, but in the end I am happy to accept that what the government has done is a more practical and reasonable solution. It gives certainty to the markets, and it does give that little bit of recognition of the extra expense and uncertainty in setting up these kinds of financial instruments. I am happy that this is a reasonable bill and that schedule 2 is a reasonable response to industry concerns. I commend the government for not proceeding with its original proposal but listening to industry response and coming back with a measured compromise.

Before I finish my remarks I want to commend the government on another part of the schedule of this TLIP 5 bill, and that is the tax deductibility of school uniforms. Additional education expenses have mounted considerably over the years, certainly since I went to school. Even in public schools, a lot of parents find themselves paying extra in school fees, extra in excursions, extra in a number of other areas, and this creates a great deal of pressure on families. The expenses tend to occur at the beginning of the year, when it is quite difficult because of expenses arising from school holidays and the Christmas festive period. Parents are hit with a number of expenses at the beginning of the school year and, indeed, all through the school year. I am very pleased that the Gillard government, in recognition of its election policy, has put in place the tax deductibility of school uniforms. It is not only private schools that have school uniforms now; most public schools have school uniforms. My son went to what was then Elizabeth Fields Primary School in the Davoren Park area. It was a public school, and at that time the schools were working very hard to get their children to buy school uniforms.

First of all, it does give that sense of school pride and school identification, which is extremely good for a school. Secondly, it means that to a large extent there is no difference in the dress of the pupils in the school. So it sounds like a very small measure, but it can be very important to pupils. The Elizabeth Fields school that my son went to was in a very low socioeconomic area—one of the lowest in the state, if not the country—but, nevertheless, there were still a range of income levels in the school. There were working parents, single parents who did and who did not work—there was quite a range.

These days there is quite a lot of competition—I suppose there always has been—between children about how they are dressed and whether they are dressed in the latest clothes advertised on TV and so on. I think a school uniform provides equality between children and takes away one of those aspects that can cause embarrassment to children. So I am a big supporter of school uniforms. I think they are a very valuable part of a school and I really think they contribute to the sense of school pride. I have noticed more and more public schools—certainly in the northern area—tend to go towards having school uniforms.

The tax deductibility, of course, benefits those people who are working. The tax deduction applies only to them. But non-working parents get other supports that have been put in place for families of
schoolchildren. So I think it is a reasonable response. When we talk about working families in some of the lower socioeconomic areas, we are talking about people often on an income of perhaps only around $30,000 a year. I think it is clear to all of us here what a difficult struggle it is. There are a number of people in the area where I used to live—in and around Davoren Park and Andrews Farm—who are on incomes of around $30,000, $40,000 or $50,000 a year. They are buying a house or paying rent and they are paying their rising utility bills on that amount of money, and it is a difficult struggle to keep going. Tax deductibility of school uniforms will be a great help to them.

I think it generally reflects the Gillard government's commitment to education. Julia Gillard herself, of course, is demonstrably committed to equal opportunity in education and to the improvement of our education system. It gives me great satisfaction to work under a Prime Minister who has that commitment. It is very important, not just in social terms but in economic terms as well, that we have a well-educated population. With the increasing level of robotics and computer aided technology in all areas, including manufacturing but extending right throughout our working life, and with the increased demands of occupational health and safety and training, it is very important that we have a well-educated population. Therefore, it is critical that our government have that focus on education. Small measures such as tax deductibility do add up to a very important demonstration of support for education and support for families to continue to encourage their children to go as far as possible in their education.

So I am delighted to see this measure in this bill. Generally speaking, I think the other measures are pretty uniformly non-controversial, and it is good to see that the government is tidying up areas such as the film tax offsets. We take great pride in this country in the quality of our filmmaking. There is always debate about how best to do it. In fact, when we were in opposition one of my first economics committee meetings was a debate about the change in the tax arrangements for supporting filming in Australia. It is quite interesting that this will perhaps be one of my last contributions as well. This film tax offset will indeed make things easier and clearer for the film industry.

The other measures in schedule 3, 4, 5 and 6 are general tidying up of the tax system that the economics committee looks at regularly. I want to thank the other members of the committee and the secretariat for the work that they did on these hearings. Many people find these tax issues quite dry. We on the economics committee enjoy them immensely and enjoy going through some of this detail. We are very well assisted by members of the financial community. They are very generous in giving their time and explaining to members of the committee in their hearings some of these tricky details of how the system works. I thank them for their contribution and their assistance in all these measures.

Senator CAMERON (New South Wales) (11:36): Firstly, if you would allow me, Mr Acting Deputy President, could I just indicate to Senator Hurley—and I am sure this is on behalf of all the members of the Senate Economics Legislation committee—our thanks for her very competent and very effective chairing of the economics committee over, anyway, the three years that I have been involved. Senator Hurley, you and I have had our moments at the economics committee, but you have always been very true to your views. You have always been extremely keen to make sure that the committee operates in a way that ensures that the issues that are before the
committee are dealt with effectively, and it has meant that you have slapped me down on a number of occasions—and I have to say to you that you were right every time you did it. So thanks, Senator Hurley, for the work that you have done over that period of time. I, with the other senators, wish you all the best for your future. Certainly you will not have to continue dealing with these dry issues—or maybe not—that come before the Senate economics committee. You said everyone enjoys them immensely. I think you were being a bit over the top when you said that, but that was a nice way to finish your contribution to the economics committee.

The Tax Laws Amendment (2010 Measures No. 5) Bill 2010 has seven schedules. Schedule 1 relaxes certain eligibility requirements for the film tax offsets, with the aim of enabling more companies to benefit from these offsets. It reduces the minimum qualifying expenditure threshold for the post, digital and visual effects offset from $5 million to $500,000, and it removes the requirement for films with qualifying expenditure of between $15 million and $50 million to have at least 70 per cent of the film's total production expenditure as qualifying Australian production expenditure in order to qualify for the location offset.

I think supporting the Australian film industry is extremely important. The Australian film industry does for this country what the film industry does for many countries, and that is that it actually pushes our culture out to the rest of the world and says, 'This is where we are at; this is what we stand for.' I think it is good that the government continues to support the film industry. The film industry is one of those areas where you cannot measure what the productivity is to the economy, but if you simply look at the economy as being an economy and not a culture as well then you tend to forget these issues. What the government is trying to do here is to make sure that our culture is recognised around the world—a culture that we can be proud of and that is about ensuring that the struggles and tribulations that are in place in this country are recognised around the world. How we have overcome those struggles and tribulations is extremely important, and our film industry is important in doing that. I reckon there are some pretty crook films made from time to time as well, but there are some really good films, and we should be supporting the film industry in this country.

Some of the most talented actors around the world come from Australia, and that is because the government took the view that we need to protect and support our culture and promote our culture around the world with the film industry. So I am very supportive and very pleased that the government has removed the requirement for films with qualifying expenditure of between $15 million and $50 million to have at least 70 per cent of the film's total production expenditure as qualifying Australian production expenditure. I think that is a very good part of this bill, and it is extremely important that we continue to support the Australian film industry.

Schedule 2 amends division 247 of the Income Tax Assessment Act 1997 to adjust the benchmark interest rate used in the capital protected borrowings provisions to the Reserve Bank of Australia's indicator lending rate for standard variable housing loans plus 100 basis points for capital protected borrowings entered into, amended or extended after 7.30 pm Australian Eastern Standard Time on 13 May 2008—that is, the budget time. The schedule also amends division 247 of the Income Tax (Transitional Provisions) Act 1997 for transitional arrangements for capital protected borrowings entered into at or before the 2008
budget time to 30 June 2013. This allows capital protected borrowings entered into at or before the 2008 budget time to apply to the benchmark interest rate used prior to the 2008 budget time until 30 June 2013 or for the life of the product, whichever is earlier. Senator Hurley said we deal with some dry issues. There is one of the dry issues that we deal with, but it is an important issue that the government has tackled in schedule 2.

Schedule 3 amends the income tax law to extend the main residence capital gains tax exemption—the CGT exemption—to a CGT event that is a compulsory acquisition or other involuntary realisation of part of a main residence. The extended exemption will apply where part of a main residence—the part being some or all of the dwelling’s adjacent land or structure—is compulsorily acquired or subject to a similar arrangement without the dwelling itself also being compulsorily acquired or subject to the similar arrangement. So this is an important amendment to ensure that there is fairness in relation to this application of income tax law.

Schedule 4 amends the Income Tax Assessment Act 1997 to allow superannuation funds and retirement saving account providers—RSA providers—to deduct the cost of providing terminal medical condition benefits to members. It also amends certain sections of the ITAA 1997 to reflect the drafting convention that the term 'individual' should be used when referring to a human being. I think there is much more work to be done in relation to superannuation. Superannuation is absolutely fundamental to the ongoing economic growth of this country. The Labor government, when it introduced superannuation, had a long-term vision to ensure that no-one should have to retire in poverty and that there should be some equality between different groups of workers, different classes of workers, in this country to have access to decent retirement benefits. I remember that when I became a union official in 1981 one of my jobs was to go out and try to get superannuation entitlements for workers around the country, because workers were not getting a fair go on superannuation. What this is about is to make sure we continue to grow the superannuation industry, make the superannuation industry more flexible in a fair and reasonable way and make sure it is relevant to working people in this country, a relevance that is extremely important given the benefits that superannuation has not only to the individual worker but to the overall economy as the basis of providing funding to banks, to investors and to driving this economy.

This is a minor amendment to the operation of superannuation funds, but we should never forget that the superannuation industry is absolutely fundamental and important to working people and the broader economy. This might be a minor amendment but it is an amendment that fits in with the overall growth of the superannuation industry and is so important to making sure that people who need access to their superannuation funds can get access for properly determined issues. And what can be more important than deducting the cost of providing benefits to members with a terminal medical condition. Many workers who have worked in the power industry, as I did, and in the shipbuilding industry, as I did, have ended up with mesothelioma and with their life coming to a horrible and tragic end. We should be doing whatever we can to support those workers and their families as they deal with this great challenge of work related death.

It is important to make sure that people can get access to the best aspects of their superannuation through that period. I take the view that we must continue to monitor
the operation of superannuation; we must continue to monitor the effectiveness of superannuation in the Australian economy and we must ensure that every worker gets a fair go when it comes to superannuation. That is why it is so important that when we are introducing the mining tax we ensure that we can increase superannuation for workers in this country. It is about building not just an economy but a good society, a fair society. These are the issues that arise from superannuation.

Schedule 5 amends the GST law to allow non-profit subentities to access the GST concessions available to their parent entity, including the higher registration turnover threshold for non-profit bodies. This amendment confirmed the Commissioner for Taxation's current approach in interpreting the law to allow non-profit subentities to access these concessions.

Schedule 6 amends the Taxation Administration Act 1953 to provide that it will not be mandatory for the Commissioner for Taxation to apply a payment, credit or running balance account surplus against a tax debt that is a business activity statement unless that amount is due and payable. The amendment applies on and from 1 July 2011.

Schedule 7 expands the education tax refund to include school uniform expenses incurred from 1 July 2011. This was announced by the Prime Minister on 13 July 2010 and will cover expenditure on school uniforms which are required or are otherwise approved by a school, including optional school uniforms and sports or physical education uniforms. The ETR allows eligible families to claim 50 per cent of their eligible education expenses to the maximum claimable amounts which are indexed each year. In 2009-10 the maximum claimable amounts were $780—that is, the maximum refund of $390—for each primary school child and $1,558—that is, a maximum refund of $779—for each secondary school child.

This is an important initiative of the government in ensuring that there is a good society, that there is some fairness and equity out there, and that government recognises the cost of education for families. There is no point in just talking about an education revolution or talking about building a good society if we do not actually focus on the issues that are important for families, many of whom are doing it pretty tough.

In the NSW electorate of Macquarie, in which I live, which covers the Windsor and Blue Mountains areas, we have a great range of schools. We have private schools that are very well resourced and where the families can predominantly afford to look after their kids in the way they want to look after them, but there are also areas in the Macquarie electorate where the families are doing it really, really tough. And, when families are doing it really tough, it is important that the government recognises that and does what it can to help those families. What could be more important than ensuring that children in disadvantaged areas can go to a school with decent facilities and not have to have what happened recently when I was in the Windsor area? It was two degrees in the morning and what did we have? We had an open playground area, where all the school children had to be in order to open up new school buildings for the BER. It was not covered and it was nowhere big enough. It is not a good thing for kids to be out in the open air when it is two degrees on a winter morning in Windsor. There is still much more to be done in the Building the Education Revolution program. There is still much more to be done to ensure that we can have our kids well and truly looked after in the public school system. I am a great supporter of the public school system and I
would like to see more funding going into the public school system. What this does is make sure that everyone gets a fair go across both the public and private school systems.

There is a lot more to be done. This initiative will help families in the areas that I look after, in the electorate of Macquarie, that are doing it tough. Parents will look forward to getting this money to ensure their kids have access to a school uniform, even if the family is doing it tough. In these debates in here we sometimes forget that families really do it tough from time to time. We want to make sure that kids can have decent facilities in schools and that they have access to school uniforms.

When I was down at Windsor there were two school kids there with polo shirts on in a temperature of two degrees with the wind blowing off the mountains absolutely freezing. But I do not think it was because their families did not have the money to do anything about it; it was because the kids did not think the school jumper was 'cool'. So we have to make sure that when we do this the school jumpers are 'cool' and the kids actually keep themselves warm.

This part of the bill importantly ensures that we also give our kids access to sport and physical education uniforms. It is a great thing in the seat of Macquarie, where I live, to see the school students out there looking after the sporting facilities and out there proud to be representing their school in their school uniforms and sports uniforms.

I am very pleased with this bill. I think this is another demonstration that the Gillard government has got it right on a range of issues in education: Building the Education Revolution, making sure kids have access to decent technological equipment and more computers into the schools—computers that actually deliver for the generation that is computer savvy, the generation that will leave us for dead in computer skills and the generation that can do work anywhere in Australia or anywhere around the world because they are computer literate. Building the infrastructure that brings schools in this country into the 21st century is a massive benefit to the education system in this country. Everywhere I go people are saying they want more, not less, and I think the combination of amendments, especially the part on school education, in this bill is very important.

Senator McLUCAS (Queensland—Parliamentary Secretary for Disabilities and Carers) (11:55): First of all, I thank those senators who have contributed to this debate on the Tax Laws Amendment (Measures No. 5) Bill 2010. Schedule 1 increases access to film tax offsets. It reduces the minimum qualifying expenditure threshold for the post-digital and visual effects, PDV, offset and it simplifies eligibility requirements for the location offset. This measure is expected to increase employment opportunities and to assist in building capacity and expertise in the local film industry, which will in turn provide benefits for domestic productions.

The change to the location offset in particular will also reduce compliance costs for affected taxpayers. The government is assisting the film industry to attract offshore productions to Australia and expand opportunities for Australian PDV providers to bid for international work. This schedule gives effect to the government's 2010-11 budget announcement. The government, in the 2011-12 budget, has made further commitments to providing support to the Australian film industry.

Schedule 2 adjusts the benchmark interest rate used in the taxation of capital protected borrowing provisions to the Reserve Bank of Australia's indicator lending rate for standard variable housing loans plus 100 basis points.
for capital protected borrowings entered into, amended or extended after 7.30 pm AEST on 13 May 2008. These changes to the benchmark interest rate were first announced on 13 May 2008 and revised on 11 May 2010. The new benchmark interest rate provides a more appropriate basis for apportioning the expense in capital protected borrowings between interest on a borrowing that does not embed the cost of capital protection on one hand and the cost of capital protection on the other. The cost of capital protection will not be treated as interest for tax deductibility purposes. The new benchmark rate takes into account industry concerns over the credit risk borne by lenders for the cost of capital protection that is paid on a deferred basis.

Schedule 2 also provides for transitional arrangements for capital protected borrowings entered into at or before 7.30 pm AEST 13 May 2008. The transitional arrangements allow capital protected borrowings entered into on or before 13 May 2008 to apply the existing benchmark interest rate until 30 June 2013 or the life of the product, whichever is earlier. This schedule was referred to the Senate Economics Legislation Committee for inquiry and report on the rationale and consequences of changing the benchmark interest rate. The committee recommended that the benchmark interest rate be amended to reflect a range between the variable rate for housing loans and the RBA's indicator lending rate for margin loans. The new benchmark interest rate of the RBA's indicator lending rate for standard variable housing loans plus 100 basis points is consistent with the range recommended by the committee.

These amendments are expected to save $170 million over the forward estimates period. These changes are another demonstration of the government's commitment to ensure that the tax system is as fair and as efficient as possible.

Schedule 3 extends the main residence capital gains tax exemption to cover a CTG event—that is, a compulsory acquisition or other involuntary realisation of a part of a main residence. The extended exemption will apply where part of a main residence—the part being some or all of the dwelling's adjacent land or structure—is compulsorily acquired without the dwelling itself also being compulsorily acquired.

Sitting suspended at 12:00

At 14:38, senators assembled in the House of Representatives chamber for a joint sitting—

ADDRESS BY THE PRIME MINISTER OF NEW ZEALAND

The SPEAKER: On behalf of the House, I welcome as guests the President of the Senate and honourable senators to this sitting of the House of Representatives to hear an address by the Rt Hon. John Key, Prime Minister of New Zealand.

The Rt Hon. John Key having been announced and escorted into the chamber—

The SPEAKER: Mr Prime Minister, I welcome you to the House of Representatives chamber. Your address today is a very significant occasion in the history of the House.

Ms GILLARD (Lalor—Prime Minister) (14:40): To the Rt Hon. John Key: you are very welcome here. It was in February this year that I became the first Australian Prime Minister to address the members of the New Zealand parliament, a profound and moving honour for me and for this nation. In turn, today John Key stands among us as the first New Zealand Prime Minister to address the Australian parliament—testament to the profound, unique and enduring friendship between our two countries. We share a
common history, a common outlook and a common set of values. Our people love peace and love freedom, and they freely paid a dreadful price for both. It is the story, of course, we call Anzac—and I am always conscious of the 'NZ' in that word.

So today I pledge the friendly cooperation of our two nations as we prepare for the centenary of Gallipoli and those other epic anniversaries of 1914 to 1918—great moments in our national history, great moments in our shared history. Of course, as I said in the parliament in New Zealand in February, the Anzac story is a living story. It lives on today in Afghanistan, where Australian and New Zealand forces are making a vital contribution to security. It was poignantly illustrated when Australian rescue workers forged a cross of timber, salvaged from the ruins of Christchurch Cathedral, a cross that became the centre-piece for this year's Anzac Day service in that quake shattered city. And it was evident when Australians and New Zealanders were among the first teams on the ground after the Japanese earthquake and tsunami.

Prime Minister, we would have always felt deeply for the people of Christchurch when that dreadful earthquake struck, but our empathy was only heightened by the rawness of our own wounds from the summer of disaster here. As New Zealand mourned, we mourned with you. As New Zealand held out hope for a miraculous rescue, we kept vigil with you. And as New Zealand recovers, we will stand by you. If I may borrow a saying from your country's rich Maori culture: turn your face to the sun and the shadows fall behind you. Prime Minister, we will be turning our face with you to the sun, and for you we certainly hope that the shadows of recent days now fall behind you, fall behind our New Zealand friends, our New Zealand family. We know that you will recover. We know that you will rebuild. We know this not only because of our shared past but also because of our shared sense of anticipation about the future, a future in which our interests will only become more closely linked.

But, Prime Minister, this is about more than our two nations, though it is so much about our two nations. We cannot just look to ourselves. As vibrant and longstanding democracies, it is our responsibility to nurture younger democracies throughout the Asia-Pacific, to help strengthen their institutions and to promote fairness and opportunity. Above all we must pool our strengths to meet the challenges facing our region at this time, a time of enormous global change as we face the impact of China's rise, climate change, resource security, natural disaster management, people-smuggling—challenges that require innovative and collective responses, challenges that demand the courage to govern for tomorrow as well as for today.

Prime Minister, underlying all of the strands of our relationship is one simple truth. What geography began, history has confirmed: our two nations are family, so here in this chamber and in this country you can never be a stranger. By honouring you in this gathering place of deliberation, we honour the nation you represent and we honour the people you serve. And so I say from my heart: kia ora, welcome; the House is yours today.

Honourable members: Hear, hear!

Mr ABBOTT (Warringah—Leader of the Opposition) (14:45): I am delighted to support the remarks of the Prime Minister in welcoming the Rt Hon. John Key to this parliament. I say, John, that as a former resident of Sydney you are just about a constituent of mine, and it is good to have you in this parliament. Of course, as a mark of respect to Australia, the New Zealand
parliament earlier this year welcomed our Prime Minister. It is fitting that as a mark of respect to New Zealand we likewise welcome you here today. It is a rare honour to address a joint sitting of the Australian parliament, and we are very happy to extend it to you as Prime Minister of our nearest neighbour and closest friend. We are not welcoming a foreign leader; we are welcoming a friend. Indeed, we are welcoming the leader of a country that even now, under our Constitution, could yet accede to the Australian Federation, should you wish to do so!

Our countries have been indissolubly linked and bonded ever since the voyages of Captain Cook. Those bonds have been strengthened in war and in peace, in good times and in bad. Late last year, when 29 miners died at Pike River, we did not mourn for the two Australians who were amongst them; we mourned for every single one of them. When Christchurch was hit by a devastating earthquake, we were only too happy to send the best of our emergency services personnel to help. And in the aftermath of the tragedy, when the Governor-General, the Prime Minister and I went to Christchurch, we mourned not as foreigners but as your kith and kin.

Mr Prime Minister, I wish to particularly congratulate you on two initiatives of your government. First, I congratulate you for formally re-establishing military ties with the United States. This has once more made the ANZUS alliance a fully functioning, working alliance. We as Australians very much value New Zealand's military commitments, not only to East Timor and to the Solomon Islands but also, of course, to Afghanistan. We are ANZAC brothers in arms once more.

I also congratulate you, Prime Minister, for dramatically waterering down the emissions trading scheme that you inherited. In this country, your sister party will go further and do better. Should we inherit any carbon tax, we will not just reduce it; we will rescind it.

Mr Prime Minister, we welcome very much your presence amongst us and we look forward very much to listening to your words of wisdom.

Honourable members: Hear, hear!

The SPEAKER: Prime Minister Key, it gives me great pleasure to invite you to address the House.

Honourable members: Hear, hear!

Rt Hon. JOHN KEY (Prime Minister of New Zealand) (14:48)

Mr Harry Jenkins, Speaker of the House of Representatives, and Senator the Hon. John Hogg, President of the Senate; the Hon. Julia Gillard, Prime Minister of Australia; the Hon. Tony Abbott, Leader of the Opposition; honourable members of the Australian parliament; and distinguished guests, it gives me a great privilege to address you here in this esteemed chamber. I address you as Prime Minister of New Zealand, as a proud member of the trans-Tasman family and as a former resident of this great country. I bring with me the best wishes of 4.4 million New Zealanders. They value the deep bonds we share, and they would want Australia to hear this message: New Zealand is committed to your country above all others and for all time.

In recent times you have shown New Zealand a degree of loyalty and support that only family can, and for that we are truly grateful. When an explosion ripped through the Pike River mine in November last year, you sent your specialists, your experts, your machinery and your hope. You did all you could to help us bring those 29 brave men home alive. And, when they died, you grieved with us, not only for the two Australians but for all of them.
When the devastating Christchurch earthquake struck us in February, you came to our aid immediately, unreservedly and with open hearts. From the financial and practical support of the federal and state governments through to the donations of corporate Australia and the heroic acts of individual Australians, your deeds struck a deep chord with the people of Christchurch. When 300 members of the Australian police arrived at Christchurch Airport, they were met by a spontaneous standing ovation. New Zealanders clapped for the Australian presence because it was such a moving and visible demonstration that we were not on our own; you had our back. Let me tell you that that sense of unity and support mattered more than you might imagine. We felt also the incredible support of this parliament, whose expression of condolence and commitment meant so much. The depth and breadth of Australia’s support for Christchurch will never be forgotten. In a time of tragedy, your extraordinary assistance strengthened our resolve and has aided Christchurch’s recovery immeasurably. While the aftershocks in Christchurch have continued, our recovery is ongoing and assured. Today, on behalf of Kiwis, I thank you. Your acts were living testament to the perpetual Anzac spirit.

Members and senators of this parliament should know that New Zealand will never hesitate to reciprocate this support. When we saw the devastation caused by the Victorian bushfires and we saw the carnage wreaked by the Queensland floods and Cyclone Yasi, our people felt your pain as only family can. We came to you then and we will come to you whenever we may be needed again.

The relationship shared by our two nations is like no other. The men and women in this chamber represent a country whose fortunes, values and people are deeply entwined with New Zealand’s. We share with you not only a corner of the world but a similar path in history. It is a history not only of shared sporting passions and rivalry, though they must not be overlooked. More than that, it is a shared history of indigenous peoples, British colonisation, increasing independence and successive waves of immigration; a history of flourishing democracy, of free markets and of prosperous economies; a history of innovation, enterprise and ambition. Today our two countries walk a very similar path in pursuit of shared aspirations. We pursue increased security, prosperity and opportunity for our citizens. We share a confidence about our place in the world and the stake our people should have in it.

There is also strength in our differences. It is well understood that the Australian Constitution graciously provides for New Zealand to join the Federation. Suffice to say that is an invitation for which an RSVP has never been sought nor offered. It is a mark of our joint progress that we have found other, more effective means of combining our strengths. We both recognise the benefits to be gained from being two countries under two flags and with our own approaches. Beneath our distinct identities lie indelible common values: an easy understanding that Jack is as good as his neighbour, that democracy, freedom and the rule of law should be cherished and fostered, that every citizen should have the opportunity to shape their own future. These are values we are proud to voice on the world stage consistently and without compromise. These are the values we have fought for together as joint forces in Gallipoli and as fellow soldiers in other theatres of war. From the First and Second World Wars through to Korea and Vietnam, the experiences we shared in these battles shaped our national characters. They joined us ever unto each other.
I had the privilege of visiting Gallipoli for the Anzac Day commemorations last year. It was, I have to say to you, a hugely moving experience. Gathered together were Australians and New Zealanders from all over the world. They came together as proud brothers and sisters of the Anzac tradition. It felt as natural for me to share in the memorial of Australians who gathered together at Lone Pine as it did to gather with New Zealanders at Chunuk Bair. Together we paid our respects to all those who fought, fell injured and in so many cases died for us so very far from home. It is right that throughout the world, from London to Gallipoli, from Canberra to Christchurch, to our local RSAs and RSLs, we continue to remember our Anzacs together. It is right too that the brave men and women of our armed services continue to work together today. The Anzac centenary in 2015 will be a deeply significant occasion for New Zealand and Australia. We look forward to close cooperation in the lead-up to these commemorations.

Today we face new challenges in peacekeeping and peacemaking, new conflicts and a rapidly changing strategic environment with threats, from terrorism to people-smuggling, that know no borders. Amid this change Australia's and New Zealand's alliance endures. Members and senators of this parliament should know that, while our numbers and resources are smaller than yours, New Zealand's commitment to our defence and security relationship with Australia is absolute. We place priority on fulfilling our alliance obligations to you above all other defence priorities save for defending ourselves. We have no better friend and no closer ally than Australia.

Our two countries have distinct contributions to make in meeting the security challenges of our modern world. Each of us will rightly seek to serve our distinct national interests and to maximise our distinct capabilities. But we are stronger for each other. In particular, New Zealand appreciates Australia's enormous contribution to creating stability in Afghanistan and your hard-fought achievements in Oruzgan Province. New Zealand too is committed to stabilising Afghanistan through the contribution of our SAS in Kabul and the provincial reconstruction team which will work through to 2014 to provide an effective transition in Bamiyan. Nine of our soldiers have also served with yours in Oruzgan. I wish today to acknowledge the 27 Australian soldiers who have lost their lives in Afghanistan. New Zealand joins with you to honour them as we honour our own two soldiers who have died there, as we honour all of our service men and women who make the ultimate sacrifice for our countries.

Our two countries have a particular responsibility to ensure the stability of our immediate region. New Zealand values Australia's deep engagement in the Pacific and the cooperation we have with you. We see that with our joint police and defence operations on the ground in Timor Leste and the Solomon Islands. In future our combined Ready Response Force will see our service men and women being jointly deployed, whether it be for disaster relief, humanitarian assistance or other challenges that may emerge in the Pacific region. We are also making great strides in harmonising our aid and development efforts. New Zealand has in recent times sought to elevate our role in the Pacific. It is right that we do so. Almost one in 10 New Zealanders come from a Pacific background and our complex web of family connections uniquely positions us as a regional facilitator. In September this year New Zealand will host the Pacific Islands Forum. We look forward to the presence of your Prime Minister at this event.

New Zealand and Australia's military, diplomatic and political ties are deep and
strong. New Zealand values the formal and informal political structures that underpin this, from the personal contact I share with your Prime Minister to the regular contacts between our ministers and members of parliament through to important annual events like the Australia New Zealand Leadership Forum. These contacts have enriched our relationship and have endured no matter the political stripes on either side of the Tasman.

But, ultimately, the story of Australia and New Zealand is not one that has been written by politicians calling the shots from on high; instead, our deeds have reflected the ever-closer ties between the voters who elect us. Our nations each have a vested interest in the other's success. That vested interest is the people we share. New Zealanders and Australians conduct their family and business affairs with very little regard for the sea that divides us. Trans-Tasman families abound. More than 560,000 Kiwis call Australia home. Many thousands of Australians live in New Zealand. Millions fly back and forth across the Tasman each year.

Large numbers of us have worked, studied or holidayed in the other's country. My own experience bears testament to this. In 2001, after a period of time living in London and Singapore, I came to work and live in Sydney, with my wife, Bronagh, and our two children. We remember our time and the friends we made in Sydney fondly and have returned not only on official engagements but also for family holidays. My story is not unlike that of hundreds of thousands of Aussies who have lived in New Zealand and hundreds of thousands of Kiwis who have lived in Australia. We are enriched by the valuable contribution our people make to each other's societies and economies.

It is only right that politicians on both sides of the Tasman have sought to reflect this reality as we developed our trading, economic and legal frameworks. In 2013 we will look back on 30 years since the birth of CER between Australia and New Zealand. As we approach that milestone it is appropriate that we reflect on where we have been and where we might go next. Much has already been achieved. CER represents a global gold standard in trade agreements. Australia and New Zealand boast free trade in goods and nearly all services and, thanks to recent progress, investment is now part of CER. We have mutual recognition arrangements for goods and services and we continue to pursue a single economic market agenda to harmonise our business laws. Despite the challenges of integration, and, it must be said, despite New Zealand's initial anxiety, CER has served both our countries very well. It has benefited our economies, our businesses and the families and communities we all serve.

Australia is New Zealand's largest export market. More than half of foreign direct investment in New Zealand, at around $50 billion, comes from Australia. Last year total Australian exports to New Zealand were a little over A$8 billion, not far behind the $9 billion you exported to the United States. Interestingly, more Australian businesses export to New Zealand than to any other country. Your small and medium enterprises, your innovative companies and your value-added producers often cut their teeth in exporting first to New Zealand before expanding to larger markets. The same applies for New Zealanders exporting to Australia. Our businesses also work together to pool resources, share ideas, share expertise and expand offshore. These facts underscore what we already know. New Zealand's economic fortunes matter to Australia and vice versa. We share in each other's economic success and we will continue to do so.
As political leaders, we have a responsibility to keep up the momentum that has made CER such a success. Our history has proven that open trade and economic integration can be forces for growth and prosperity. The question now is: can we take our relationship to the next level? We have more to gain from closer integration with each other. Prime Minister Gillard and I are both personally committed to progressing the single-economic-market agenda. New Zealand appreciates the focus Australian ministers have brought to the detail of these issues. My view is that, increasingly, we can also play our integration out on a bigger scale because, as important as it is to both our economies, the thriving bilateral business relationship is not an end in itself. We are both operating in the global economy. From the outset, our economic integration process has been designed to help us compete more effectively in the international marketplace. Australia has long recognised the economic potential of our region, as demonstrated by your foresight in laying the foundations for APEC. It is now the region to which all the world's eyes are turning.

The extraordinary economic growth of Asia will compel the next steps in the relationship between Australia and New Zealand. I believe our trans-Tasman partnership can set the standard for ever more closely integrated regional economic communities. CER has already provided the launching pad for regional integration. We saw that with the 2009 signing of the ASEAN-Australia-New Zealand free trade agreement. That was a groundbreaking and ambitious regional trade agreement that opened up significant opportunities for our economies. It was the first agreement with Australia and New Zealand that we jointly negotiated, and it will certainly not be the last.

We must now raise our sights to the trans-Pacific partnership, the TPP. Together we can drive to make this trade agreement as high quality and comprehensive as possible. Australia and New Zealand know well the mechanics of how effective trading relationships are forged. As negotiating partners, we strengthen each other's case and set a high standard. Together we can ensure that the TPP is the basis of a powerful integrated regional trading bloc linking Asia, Australasia and the Americas. The obvious next step is a deal extending across the full APEC membership. As we join forces at the trade negotiating table so too can we join forces to leverage these trade agreements for maximum benefit. Together we can work to penetrate untapped parts of the Asian market, introduce new industries to those markets and help our exporters scale up their operations. New Zealand is interested in how our joint objectives with Australia in these areas can find practical expression in the future. Progress in meeting these goals will bring success for each of our economies: more jobs for our people, better incomes and a more diverse and secure base for ongoing growth.

As we take on the world, Australia and New Zealand must work to identify other areas where the sum of our distinct expertise and resource is greater than the parts. Our science and innovation partnership is one such area. Our work to host the Square Kilometre Array radio telescope is a great first step. Ultimately, we should aim to showcase Australasia as an agile, nimble and creative hub of science and innovation.

Climate change is another global challenge our two countries are facing. It is of course up to each country to adopt its own policies to address this challenge. After all, we each have different emissions profiles and different economies. In New Zealand, climate change has been the subject of
vigorouss debate and at times political division. So I come to this parliament with at least a little understanding of the debate you are having in your country. While our domestic policies are matters for each country's government and parliament to debate, we can and should work together on the international aspects of climate change.

We can work together on research and innovation to reduce emissions. In fact, we already are, with New Zealand contributing to the Australian led Global Carbon Capture and Storage Institute and with Australia contributing to the New Zealand led Global Research Alliance on Agricultural Greenhouse Gases. We can also share our growing knowledge about what works and what does not as we seek to reduce emissions across our economies. I am pleased that Prime Minister Gillard and I have today agreed to further the work of our senior officials as they join up our respective efforts to combat global climate change.

New Zealand feels lucky to have Australia as our neighbour. We enjoy our competitive rivalry, but when faced with challenge or opportunity we could wish for no better partner. You are a dynamic, democratic and multicultural society. You are a vibrant, open and prosperous market economy. You are a force for good in the Asia-Pacific region and an important global player. These attributes bring strength to New Zealand as we seek to further our interests on the world stage. New Zealand too brings increased strengths to Australia, economically and strategically. When facing the world, our two countries' voices are closely aligned and all the more influential for it.

Australia and New Zealand have a proud and unbroken history of partnership. We have stood shoulder to shoulder in the face of challenges on the battlefield, at the negotiating table and amid the debris of natural disaster. In all that we face and in all that we gain, our two countries can never lose sight of each other. The reason for that is simple and is summed up by a Maori proverb:

He aha te mea nui o te ao?
He tangata! He tangata! He tangata!

What is the most important thing? It is people, it is people, it is people. The people of Australia and New Zealand are forever joined. The future holds much for our two great countries. Increased prosperity, opportunity and security are ours to grasp. In all that we strive for, we are stronger together.

The SPEAKER: Prime Minister Key, on behalf of the House I thank you for your address and your aspirations for a continuing Australia-New Zealand partnership. I wish you a successful and enjoyable stay in Australia. I thank the President of the Senate and senators for their attendance and exemplary behaviour, which has influenced the members to their quietest yet at this time on a day of sitting. I thank you.

Joint sitting suspended at 15:11

Senate resumed at 15:30

PETITIONS

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

Community Development Employment Program

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

We the undersigned are citizens concerned with the exploitation of Aboriginal workers taking place under the Community Development Employment Program (CDEP), which was reformed by the Labor government in 2009.

Aboriginal workers in the Northern Territory are working at least 16 hours a week under the scheme, but only being paid their Newstart
allowance through Centrelink. In many cases, workers are subject to Income Management and have 50 per cent of these payments 'quarantined' onto a BasicsCard.

We are particularly concerned by the use of CDEP labour on the federal government's $672 million Strategic Indigenous Housing and Infrastructure Program (SIHIP). Local Aboriginal workers on CDEP have been working for substandard CDEP wages, or for the BasicsCard, alongside fully paid construction workers from outside the community.

This is a grave affront to the principle of equal pay for equal work.

Your petitioners request that the Senate take action to ensure:

(i) The use of CDEP labour on SIHIP sites ceases immediately and all CDEP workers involved in SIHIP are offered fully waged jobs.

(ii) A full investigation takes place into the use of CDEP labour as part of SIHIP.

(iii) CDEP workers engaged by SIHIP to date are back paid for all work done at the appropriate award rate.

(iv) CDEP arrangements that put people to work for Centrelink entitlements are abolished and replaced by a large-scale community based employment program that remunerates Aboriginal workers at appropriate award rates.

by Senator Siewert (from 2,527 citizens)

Petition received.

NOTICES

Presentation

Senator IAN MACDONALD: To move:

That the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Thursday, 23 June 2011, from 11 am to noon.

Senator PRATT: To move:

That the Joint Standing Committee on Treaties be authorised to hold a public meeting during the sitting of the Senate on Monday, 4 July 2011, from 10.30 am to noon.

Senator STEPHENS: To move:

That the Joint Standing Committee on the National Broadband Network be authorised to hold a private meeting otherwise than in accordance with standing order 33(1) during the sitting of the Senate on Thursday, 23 June 2011, from 11 am to 1.30 pm.

Senator CAMERON: To move:

That the time for the presentation of the report of the Environment and Communications Legislation Committee on the 2011-12 Budget estimates be extended to 23 June 2011.

Senator SIEWERT: To move:

That the Senate—

(a) notes:

(i) that it has been 4 years since the Northern Territory Emergency Response began,

(ii) that investment in the program now exceeds $1.5 billion,

(iii) that the Closing the Gap report indicated that incarceration rates have risen, and that school attendance and child nutrition have not improved, and

(iv) the growing crisis in Alice Springs as many people move from community into Alice Springs;

(b) draws attention to:

(i) the statement being launched in Darwin, 'Rebuilding from the ground up – an alternative to the Northern Territory Intervention' which calls for a new approach based on principles of self-determination, community control and a commitment to land rights, and

(ii) the serious concern raised by the United Nations' Universal Periodic Review and the United Nations' Committee on the Elimination of Racial Discrimination over Australia's failure to eliminate discrimination; and

(c) calls for:

(i) the repeal of the Northern Territory Emergency Response legislation, and

(ii) the development of a long-term plan in partnership with Aboriginal communities to equalise life opportunities and outcomes, backed
up with a sustained investment of resources, particularly in community-based organisations.

**Senator BOB BROWN:** To move:

That the Senate—

(a) notes there is multi-party agreement that the need for action on climate change is urgent;

(b) calls on the Parliament to join the Do Something! energy efficiency campaign, 'The 10% Challenge', and reduce energy use in Parliament House by 10 per cent; and

(c) that a message be sent to the House of Representatives informing it of this resolution and requesting its concurrence in the resolution.

**Senator CORMANN:** To move:

That the Senate—

(a) notes that:

(i) the Government has so far failed to answer questions on notice and during Senate estimates about the long-term fiscal impact of the Budget measures related to the proposed introduction of the Minerals Resource Rent Tax (MRRT) and the expanded Petroleum Resource Rent Tax (PRRT), and

(ii) the Government has released under freedom of information Treasury modelling of the expected MRRT revenue between 2012-13 and 2020-21; and

(b) orders that there be laid on the table by noon on Wednesday, 22 June 2011, details of the fiscal impact for each financial year from 2011-12 to 2020-21 for each specific measure related to the imposition of the MRRT and expanded PRRT, including:

(i) the proposed increase in the Superannuation Guarantee levy from 9 per cent to 12 per cent,

(ii) the proposed Regional Infrastructure Fund,

(iii) the proposed reduction in the company tax rate,

(iv) the proposed new write-off measures for small business,

(v) the proposed standard income tax deduction, and

(vi) any other proposed Budget measures related to the MRRT/PRRT.

**Senator BOSWELL:** To move:

That—

(1) The Food Standards Amendment (Truth in Labelling—Palm Oil) Bill 2010 and the Environment Protection and Biodiversity Conservation Amendment (Bioregional Plans) Bill 2011 each be considered under a limitation of time.

(2) On Thursday, 23 June 2011, these bills have precedence over all other private senators' bills and all other business until determined, and that the order of business be:

No. 20 Food Standards Amendment (Truth in Labelling—Palm Oil) Bill 2010

No. 57 Environment Protection and Biodiversity Conservation Amendment (Bioregional Plans) Bill 2011.

(3) The time allotted for the remaining stages of the Food Standards Amendment (Truth in Labelling—Palm Oil) Bill 2010 be for 1 hour and 10 minutes.

(4) The time allotted for the remaining stages of the Environment Protection and Biodiversity Conservation Amendment (Bioregional Plans) Bill 2011 be for 1 hour and 10 minutes.

(5) This order operate as an allocation of time under standing order 142.

**Senator ABETZ:** To move:

That the following bill be introduced: A Bill for an Act to require a plebiscite before Australia introduces a carbon tax, and for related purposes. **Carbon Tax Plebiscite Bill 2011.**

**Senator XENOPHON:** To move:

That the following bill be introduced: A Bill for an Act to amend the **Financial Management and Accountability Act 1997,** and for related purposes. **Government Advertising (Accountability) Bill 2011.**

**Postponement**

The following item of business was postponed:

General business notice of motion no. 227 standing in the name of the Leader of the
Australian Greens (Senator Bob Brown) for today, proposing the introduction of the Protecting Children from Junk Food Advertising (Broadcasting and Telecommunications Amendment) Bill 2011, postponed till 5 July 2011.

BUSINESS

Leave of Absence

Senator McEWEN: by leave—I move:

That leave of absence be granted to Senator Ludwig for 20 and 21 June 2011, on account of parliamentary business overseas.

Question agreed to.

Senator PARRY: by leave—I move:

That leave of absence be granted to Senator Nash for 20 and 21 June 2011, for personal reasons.

Question agreed to.

COMMITTEES

Community Affairs Legislation Committee

Reporting Date

Senator McEWEN: by leave—On behalf of the Chair of the Community Affairs Legislation Committee, Senator Moore, I move:

That the time for the presentation of the report of the Community Affairs Legislation Committee on the provisions of the Family Assistance and other Legislation Amendment Bill 2011 be extended to 21 June 2011.

Question agreed to.

Reform of the Australian Federation Committee

Reporting Date

Senator PARRY: by leave—I move:

That the time for the presentation of the report of the Select Committee on the Reform of the Australian Federation be extended to 30 June 2011.

Question agreed to.

Community Affairs References Committee

Reporting Date

Senator SIEWERT: I move:

That the time for the presentation of the report of the Community Affairs References Committee on planning options and services for people ageing with a disability be extended to 6 July 2011.

BILLS

Live Animal Export Restriction and Prohibition Bill 2011

First Reading

Senator XENOPHON: I move:

That the following bill be introduced: A Bill for an Act to restrict the export of live animals for slaughter pending its prohibition, and for related purposes.

Question agreed to.

Senator XENOPHON: I present the bill and move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator XENOPHON (South Australia) (15:34): I move:

That this bill be now read a second time.

I seek leave to table an explanatory memorandum relating to the bill.

Leave granted.

Senator XENOPHON: I table the explanatory memorandum and seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

Live Animal Export Restriction and Prohibition Bill 2011
Over the last thirty years, Australia has exported more than 150 million sheep and cattle to be slaughtered overseas.

More than two million of these animals have died en route.

For the ones that survive, an even crueler fate can await.

On Monday 30 May 2011, ABC’s Four Corners aired footage shot in Indonesian abattoirs by Animals Australia and the RSPCA, which showed Australian cattle being tortured and brutalised during slaughter.

Cattle had their tails broken, their eyes gouged, the tendons on their legs slashed; their throats were cut with blunt knives, with an average of 13 strokes taken to kill an animal.

The Mark 1 slaughter boxes, designed in Australia and installed in Indonesian abattoirs using Australian taxpayer funds, do nothing to alleviate this torture.

In fact, they could be said to facilitate it.

These reports are the latest in a long line of industry exposés, where animal welfare groups have revealed the cruelty inherent in our live export markets.

It is time to bring an end to this brutal trade.

Following the Four Corners investigation, hundreds of thousands of Australians have protested against the live export trade.

Among those protesting are live-stock industry groups, who understand the damage being done to Australia’s industry by the condoning of these brutal practices.

Meat and Livestock Australia has said that they were not aware of these practices in Indonesia, and that they are working on improving animal welfare standards in export markets.

However, given that MLA has been active in Indonesia for some twenty years, and that MLA inspectors have provided training and conducted inspections in the abattoirs featured in the Four Corners program, this argument seems to hold little weight.

At the end of the day, it is time to agree that we can no longer condone this violent, inhumane treatment of Australian animals.

The argument that ‘if we don't send these countries animals to slaughter, someone else will' is not acceptable.

The fact is, we are sending animals, and they are being abused in the most horrible, brutal ways possible.

It is time to take action.

This Bill proposes to end live exports completely from 1 July 2014.

In the meantime, regulations will be put in place to ensure that any country we export to meets World Animal Health Organization standards for animal welfare, and that the animals are stunned using humane and appropriate restraints immediately before slaughter.

Currently, not a single country Australia exports to meets these guidelines.

The end date of 1 July 2014 will allow the Government and industry time to restructure, to ensure that the infrastructure is in place to allow Australia to transition to chilled meat exports only.

The Australian Meat Industry Employees' Union has estimated that, in the last twenty years, some 150 meat processing plants have closed, at the cost of approximately 40,000 jobs. The AMIEU says that this is directly attributable to the live export trade.

The Government needs to ensure that there is an appropriate plan in place before the end of live exports.

This plan should include subsidies to assist producers in transporting their animals until abattoirs in the north are reopened, and compensation to ensure that the industry can make the changes they need to.

It is time to bring an end to this trade, and to support industry in restructuring.

As a country, we can no longer support these brutal practices. We can no longer turn a blind eye to abuse we are in effect sanctioning.
There can be no more excuses for inexcusable behaviour.

It should also be noted that New Zealand banned its live export cattle trade in 2004 following the death of 5000 sheep on an Australian ship bound for Saudi Arabia, and is now a substantial supplier of processed meat to Indonesia.

In response to the Four Corners investigation, New Zealand's Agriculture Minister David Carter has said that New Zealand would not under any circumstances send live cattle to Indonesia.

"The footage is horrific, and that is why New Zealand has such a strong stance on animal welfare," Mr Carter said.

"Under no circumstances should we ever send animals from New Zealand to be treated that way."

If our cousins across the ditch could manage this transition, we should be able to as well.

Senator XENOPHON: I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011

First Reading

Senator XENOPHON: I seek leave to amend general business notice of motion No. 282 standing in my name by adding to the long title of the bill the following words: 'including sports betting'.

Leave granted.

I move the motion as amended:

That the following bill be introduced: A Bill for an Act about online financial transactions connected with interactive gambling services, and other gambling matters, including sports betting.

Question agreed to.

Senator XENOPHON: I present the bill and move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator XENOPHON (South Australia) (15:36): I move:

That this bill be now read a second time.

I seek leave to table an explanatory memorandum relating to the bill.

Leave granted.

I table the explanatory memorandum and I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011

The world of online gambling poses serious, and in many ways, unique, threats to Australian consumers.

My good friend Tim Costello said it best when he said that with online gambling you can lose your house without ever leaving it.

And he said that back in the days when computers were usually only found on desk tops.

Now, thanks to smart phones, adults and children can access gambling sites anywhere, any time.

That's why you see footy fans pulling out their phones at quarter time placing an online bet after the odds have been flashed up on the scoreboard at the MCG.

Smart phones allow problem gamblers to do dumb things with ruthless speed and efficiency.

Our attempts to outlaw online gambling have failed.
Overseas operators have used generous loopholes to push their products here in Australia, and this Bill seeks to close those loopholes.

The first thing this Bill does is prohibits corporations from offering spot betting, exotic betting, in play betting or similar forms of betting.

Exotic betting is an invitation to corruption by individuals or a small group of players.

To rig an outcome of a footy match, you need the consent of a majority of a team, but to ensure a player only kicks points in a match and no goals or is the first to score a penalty or the first to be issued with a yellow card, only requires the consent of one player.

By prohibiting these forms of betting we will reduce the likelihood of players rigging certain outcomes in a game.

This Bill will also make it possible for a gambler to cancel a transaction with an illegal overseas gambling company, so long as the transaction has not been completed.

What this means is that a player, if he or she gambles on an overseas gambling website and loses money on their credit card will be able to suspend or cancel that transaction.

The big challenge in the past was stopping overseas sites from offering services to Australia online.

The Australian Government could not effectively enforce a ban on those sites.

This Bill will most likely lead the sites to ban Australian gamblers, because they know if they lose they won't pay up.

The Bill also makes it illegal to offer an inducement to gamble.

Inducements are a way to lure people to gambling. It sucks them in with the offer of free games to "practice your online poker skills" or it could be free credits.

This Bill also prohibits the advertising of betting venues and online gambling sites during all G classified programs and sports or sports related programs.

It also bans the broadcasting of odds where there is a commercial arrangement between the licensee or agent or the licensee (presenter) to provide betting odds.

Finally, the Bill provides a maximum 10 year sentence and significant fines for anyone involved in any form of match-fixing.

This applies to players and non-players, and will make it easier for law enforcement officials to punish those involved in match-fixing.

I note that such reforms have been supported by The Coalition of Major Professional and Participation Sports (COMPPS) who made three major recommendations to the Minister for Sport, Mark Arbib; that sports-specific national legislation be introduced which carries severe penalties for cheating in connection with betting, that sports be able to veto exotic, or spot bets that they think are at risk of corruption and that Victoria's sports betting act is adopted across all states and territories, meaning all betting agencies must have integrity agreements with sports.

Indeed, sporting codes themselves have begun to move towards eliminating spot betting and reducing the chance for corruption in sport.

The NRL has recently banned some exotic betting options offered by bookmakers following a match-fixing scandal in the sport in 2010, where there was a massive plunge on a penalty goal being the first scoring play in a Canterbury-North Queensland match.

The AFL has also banned exotic betting such as the last goal in a game and does not allow wagers on decisions such as tribunal verdicts and the first coach to be sacked.

Throughout the debate on poker machine reform I heard from a number of Coalition members that any sensible increase in player protections would lead to an increase of people gambling online.

Despite the fact that overseas experience has shown that isn't the case, I would say to all of my parliamentary colleagues, now is the chance to do something about online gambling if you are genuinely concerned about it.

Australians deserve these sensible protections when it comes to interactive gambling and I call on the Senate to support this Bill.
Senator XENOPHON: I seek leave to continue my remarks later.
Leave granted; debate adjourned.

MOTIONS

World Refugee Day
Senator HANSON-YOUNG (South Australia) (15:37): I move:
That the Senate—
(a) notes that:
(i) 20 June is World Refugee Day,
(ii) the theme for 2011 is '1 refugee without hope is too many', and
(iii) events will be held across the country to engage Australians in this important day;
(b) recognises that:
(i) 2011 is the 60th anniversary of the Refugee Convention, and
(ii) there are more than 10 million refugees around the world; and
(c) calls on the Government to encourage other countries within our region to sign the Refugee Convention.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

Carbon Pricing
The DEPUTY PRESIDENT: The President has received a letter from Senator Fifield proposing that a definite matter of public importance be submitted to the Senate for discussion, namely:

Prime Minister Gillard's broken promise to the Australian people and her failure to seek an electoral mandate to introduce a carbon tax.

Is the proposal supported?

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

The DEPUTY PRESIDENT: I understand that informal arrangements have been made to allocate specific times to each of the speakers in today's debate. With the concurrence of the Senate, I shall ask the clerks to set the clock accordingly.

Senator BERNARDI (South Australia) (15:38): Scarcely has there been a more accurate and succinct motion condemning the deception of the Australian people by any government. Prime Minister Gillard's broken promise to the Australian people can be summed up in her immediate promises before the election. Just six days before the election, on 16 August 2010, Prime Minister Gillard said: 'There will be no carbon tax under a government I lead.' Those were her words, meant to soothe the concerns of the Australian people, who knew a carbon tax would be ineffective, would not help the environment and would only add to the cost-of-living pressures that they were already crumbling under.

That was not the last time Prime Minister Gillard had mouthed that platitude or something similar. On 20 August, four days later, she said: 'I rule out a carbon tax.' She made a crystal-clear promise to the Australian people and four days later reiterated it—confirming her previous words—when she was justifying the brutal knifing of the former Prime Minister, Kevin Rudd, also saying there needed to be a 'community consensus' before a price on carbon could be introduced.

Let me confirm for the record that we will be referring to this price on carbon. However, it is not a price on carbon at all; it is a price on carbon dioxide—which the government will maintain is a pollutant even though her own pollutants agency does not recognise it as such. We know this is about spin and sophistry to cover up for a Prime Minister who does not have a mandate to introduce this very poor policy. It is not grounded in political validation through an
election. It is not grounded in a validation of the science. It is not a validation of any justification—

Senator Polley interjecting—

Senator BERNARDI: I hear the interjections about the GST from Senator Polley on the other side. The extraordinary delusions of the Labor Party—they refuse to acknowledge the simple fact that Prime Minister Howard, in proposing a GST, took it to an election and put it very clearly in front of the Australian people. There seems to be a stark difference, Senator Polley, between our approach of levelling with the Australian people and the approach taken by this Prime Minister, who is about deception and spin.

Senator Polley interjecting—

Senator Bilyk interjecting—

Senator BERNARDI: I will just remind you, Senator Polley and others on that side that it was the 'real Julia' we heard from during the election, the one who spoke without scripted notes. Remember, she was not going to have scripted notes—they all trotted out that line after their policy launch—except for the fact that she had them in front of her. The lies that have been told by this Prime Minister and this government are extraordinary.

That is why the coalition is asking for this government to renew the faith of the Australian people, to redress the breach of trust with the Australian public that is leaving such a bitter taste in their mouths. The voters of Australia did not elect a parliament or a government that supported a carbon tax. Voters did not force a carbon tax onto a reluctant Prime Minister. This Prime Minister forced it upon herself, and she wants to force it onto the Australian people. She maintains that her backflip on her 'no carbon tax' election promise is not a breach of the trust of the Australian people—it is necessary to redress climate change. Yet they will not tell us what the environmental benefits will be.

Many people tell us what the consequences of this carbon tax will be. We know that it will put up the price of electricity, which Australian families are already suffering under. At $26 a tonne, it is estimated it will put 25 per cent on the cost of electricity. But of course the main pressure group within the ALP, which is the Greens, wanted to start at $40 a tonne and then raise it to $100 a tonne. Imagine the impact that would have on every Australian family. The price of electricity will filter through to every other goods and services provider because most of those involve the use of electricity. We also know that the price of transport will rise, putting even more pressure on the costs of living. We know these things because they are self evident. Everyone seems to recognise and identify them except the government.

We also know that jobs will be exported because industries will be forced to close. In Port Pirie in South Australia, 35 per cent of the workforce is directly or indirectly employed through the smelter. We could see that smelter move offshore, taking with it the efficient emissions and recreating the emissions in a far less efficient manner overseas.

Of course, that does not matter to Prime Minister Gillard or the Labor Party, because what they are interested in is taking more money from the pockets of the Australian people. Make no mistake, this is about a big tax to prop up a big-spending government. Yes, they are going to give some money back in the form of, maybe, some pension relief or some tax relief—we are not sure yet—but they are going to keep the majority of the revenue taken from this big tax—
estimated to be $12 billion in its first year—to try to balance their books. Not for them is the normal way of Australian families, where they cut their cloth to fit their purse and where they have to tighten their belts, which families are asked to do all the time. That does not enter the vernacular of this government. They are happy to waste as much money as they possibly can, always seeking short-term benefit, to the long-term detriment of our nation.

The coalition put to the government—and we put it to the Australian people—that the only legitimate way this government can introduce this big new tax is, firstly, to seek the assent of the Australian people. We would, of course, prefer an election, because that is the time-honoured way in which it is done, but we also understand that, with the balance of power of the Independents in the House, the government is not prepared to go to an election right now. So we say: why not seek the authorisation of the Australian people by way of a plebiscite? In the Prime Minister’s earlier spin and rhetoric when she brutally knifed Kevin Rudd, she said that she would not introduce a CPRS, a carbon tax or any other price on carbon dioxide emissions without a broad based consensus. I hate to break it to those on the other side but a broad based consensus is not simply the word of paid mouthpieces like Professor Ross Garnaut and Dr Tim Flannery. It is not about the just making up stuff and saying, ‘This is outrageous; we’re all going to be destroying the planet unless we can implement a tax.’ But that is exactly what has happened. It is about getting the Australian people onside and knowing that this is going to be an effective and positive policy for the country. The Australian people know that it is not. They know that this is a tax that has been foisted upon them without authorisation, without justification and without explanation. This is an extraordinary position for a government to take, and it is a very disappointing position for any government to take. I can fully understand how there may have to be some subtle shifts in policy positions, but I cannot understand how something that has been so unequivocally ruled out can then be ruled in without any further reference to the Australian people.

The unfortunate thing is that the coalition will strive valiantly to make the Australian people aware of what this government is doing to them. But, I regret to say, I fear their awareness may come when it is too late. If this carbon tax gets through the parliament and is implemented, it will only escalate until the coalition can get in and repeal it. Whether it starts at $10, $15, $20 or $25, what we know is that, over the next four years or until this government is gone, it will continue to rise and the ‘benefits’ will continue to hurt the Australian people, because the benefits of this tax are benefits for other nations. The benefits will create industry in other nations, and they will create jobs in other nations. We will see emissions exported to other nations, where they will get larger, and every Australian will suffer when they turn on their lights, when they open their fridge and when they drive their car. The only one who will not suffer will be this Prime Minister, who will be put out to pension with her superannuation. She will have to wash her hands of the consequences of her heinous policy position. This is a tragedy for Australia, and this government needs to level with the Australian people.

Senator BILYK (Tasmania) (15:48): Another day, another stunt by those on the other side. I have to say that I think the people out there in voter land are getting a bit tired of it so, as far as I am concerned, bring it on. The more you do it, the more you show how unstatesmanlike your leader is and how you are just a party of nay-sayers and negativity. You have taken opposition pretty
hard—I understand that—but, by crikey, the way you are all behaving is abysmal. We have seen this scare campaign before. It is the same campaign we saw about jobs during the global financial crisis, where Mr Hockey said that, under Labor, 300,000 Australians were going to lose their jobs in its first term. What happened? In fact, more than 700,000 more Australians are in jobs today than when the government took office, despite the impact of the global financial crisis.

I cannot help but feel a sense of irony when those opposite, including Senator Fifield, decide to lecture us on taking a consistent position. They are the party of short memories. I mean, this is the coalition that in 2007 went to the Australian people with a policy of implementing an emissions trading scheme. In fact, the singular event that dismantled the bipartisan policy of putting a price on carbon was the election of Tony Abbott as Leader of the Opposition. The Liberal-National coalition have come a long way under Mr Abbott—a long way to the right, that is. If there is any doubt now in the minds of the Australian people that Tony Abbott's motive is to prevent action on climate change, then let me put it to rest. Let us examine the evidence bit by bit.

Exhibit 1 is the manner of Mr Abbott's ascension to the leadership. Let us not forget that Mr Abbott was elected to the opposition leadership on a platform of opposing action on climate change. He rolled Malcolm Turnbull for one reason and one reason only: the then Leader of the Opposition had finally come to an agreement with the government on an emissions trading scheme. Mr Abbott won that ballot by one vote, and now a deathly silence has fallen over those in the ranks of the coalition who supported an ETS and supported putting a price on carbon emissions. But the fact that Mr Abbott won that ballot so narrowly indicates a few things to me: (1) that most members and senators in this parliament support putting a price on carbon; (2) that the opposition is clearly divided on this issue; and (3) that those in the opposition who supported putting a price on carbon in late 2009 are too cowardly to speak out. Exhibit No. 2 in the evidence that Mr Abbott opposes climate change action is his denial of the science of climate change itself. In July 2009 on the 7.30 Report Mr Abbott said:

I am, as you know, hugely unconvinced by the so-called settled science on climate change.

This was followed by a statement in October 2009 at a town hall meeting when he described the argument that human activities were causing climate change as 'absolute crap'. In December 2009 on 2GB he made the astonishingly ill-informed statement that the world's warming had stopped over the last decade, for which he was rebuked by many reputable climate scientists. In June 2010 he told 2GB's Alan Jones that the science on climate change was 'not as certain as many people say'.

**Senator Bernardi:** I bet you can't name one climate scientist.

**Senator BILYK:** I will come to that, Senator. Then in July 2010, on ABC Brisbane, Mr Abbott said:

I don't necessarily think that carbon dioxide is the environmental villain that everyone makes it out to be ...

And later—... the scientific consensus is not nearly as solid as the climate change zealots would have us believe. So who are Mr Abbott's 'climate change zealots' who try and tell us there is a scientific consensus on climate change? Could he be referring to award-winning scientist Professor Tim Flannery? Or perhaps Australia's Chief Scientist, Professor Ian Chubb? Is he a 'climate change zealot'? I would be interested to know how many in the ranks of the opposition support Mr
Abbott's comments on the science of climate change. We know that Senator Minchin is unconvinced by the science, and the same appears to be true for Senator Joyce. One has to wonder how much the opposition's policies are influenced by the fact that there are many within their ranks who have their heads in the sand because they just don't believe the threat exists. And if you think the threat exists, then remember that Mr Abbott was denying the threat less than a year ago. In fact, he is still denying it.

Exhibit No. 3 is the opposition's sham policy that serves as a proxy for something resembling a plan to tackle climate change. If you want to know the real motives behind Mr Abbott's so-called direct action proposal, you need only to have listened to Mr Turnbull on Lateline. When asked why the coalition's policy was better, Mr Turnbull replied that it could be 'more easily abandoned'. Mr Turnbull has let the cat out of the bag. He probably feels uncomfortable revealing what the rest of the opposition does not want to admit: that the coalition's direct action policy is no more than a tokenistic gesture to those Australians who support action on climate change. It is basically the policy you have when you don't really have a policy—it is a complete Clayton's policy. I am sure when the coalition adopted it they celebrated with a round of Clayton's to go with it.

Perhaps instead of recruiting Angry Anderson for their ads, the coalition could have signed up Fabio to promote 'I can't believe it's not climate change action'. Or perhaps a better description for the opposition's policy would be 'direct inaction'. That is what it should be called. It will cost Australian taxpayers $720 per household, it will punch a $20 billion black hole in the budget, and it will not provide any compensation for the rising costs that Australians face as a result. Moreover, it will not achieve the bipartisan target of a five per cent reduction in carbon emissions on 2000 levels by 2020.

The government, on the other hand, will make the big polluters pay. It will do so by putting a fixed price on carbon emissions as a transitional measure towards an emissions trading scheme. It is a market based solution. We know from a recent Productivity Commission report that market based schemes are the cheapest way to reduce carbon emissions. We know that some of the costs will be passed on to consumers, and we will be providing generous household assistance to compensate.

If you go back in history and look at the proposed Carbon Pollution Reduction Scheme—which was coalition policy until Mr Turnbull was unceremoniously rolled—100 per cent of low-income households and 50 per cent of middle-income households would have been at least fully compensated for the cost impact, with many actually being better off under the scheme. The details of the carbon price scheme are being negotiated through the Multi-Party Climate Change Committee and will be announced with plenty of time for Australian industry and Australian householders to prepare for the scheme's introduction in July 2012.

But Senator Fifield is not really arguing about the policy itself. His MPI is about consistency, and when the opposition seeks to lecture those on this side of the chamber about consistency, well they are living in a glasshouse. For a party with more positions on climate change science and climate change action than a professional contortionist, Mr Abbott's call for a plebiscite is a bit rich. It is also one of the biggest dummy-spits in Australian political history. Mr Abbott refuses to accept the verdict of the Australian people from the last election. As I said, they have not taken too
well to opposition at all. He also refuses to accept the verdict of the Independents and crossbenchers when they rejected his $11 billion black hole—a black hole that he kept successfully hidden from the Australian people until after the election. Tony Abbott clearly is not faint-hearted about spending money when he is proposing to spend—

The DEPUTY PRESIDENT: Order! Senator Bilyk, you must refer to the Leader of the Opposition by his proper name.

Senator BILYK: Mr Abbott clearly is not faint-hearted about spending money when he is proposing to spend $80 million on a political stunt. He knows it is a stunt, because he refuses to say whether he will accept the verdict of the plebiscite even if it goes ahead. The way democracy works is that MPs and senators are elected to represent their communities in parliament and to make laws. In a few months, MPs and senators will have a chance to vote on the government's plans for a carbon price. That is how democracy works.

But if you want to talk about our mandate, Senator Fifield—he has done a bit of a runner, I think—then here it is: the government went to the last election with a policy of putting a price on carbon. Amid all the bluster, stunts and fanfare coming from those ostriches on the other side of the chamber, this whole debate comes down to one simple fact—(Time expired)

Senator BOSWELL (Queensland): I don't mind people coming in here and making some strong points, some solid points—even vigorous points—but what I object to is people coming in here and telling blatant lies. That speech was a series of blatant mistruths.

Senator Arbib: I ask that Senator Boswell withdraw that imputation.

The DEPUTY PRESIDENT: Senator Boswell, I think you should withdraw that because the implication is that the speaker was lying. I think you should withdraw.

Senator BOSWELL: I withdraw. However you like to dress it up, the Prime Minister said, 'There will be no carbon tax under the government I lead.' Four days later she repeated it. You cannot get any other interpretation from that. It is so straightforward that it does not lend itself to any interpretation other than that there will be no carbon tax. Then we are going to have 150 of the best and brightest turn up to a citizens assembly to make the decision. That was laughed out of court. Who was going to be in the 150?

There was a very strong story going around—it was not a rumour; it was a story—and it was actually told by Kevin Rudd. Julia Gillard and Wayne Swan told him to drop this carbon tax like a hot cake. What did he do? He listened to their advice and dropped it like a hot cake, only to be garrotted, emasculated by the fact that he dropped the carbon tax when he was told to by the now Prime Minister and the now Deputy Prime Minister. No wonder he is bitter and twisted. No wonder he is hurt. No wonder the people of Queensland think that he was done over—and he was. He did exactly what he was told to do and then got garrotted for it.

The government told the people there would be no carbon tax. I actually believe that that is what they meant until the Greens told them: 'Hang on, if you want our support you will have a carbon tax whether you like it or not, whether 72 per cent of the people like it or not. Seventy-two per cent don't like it, 28 per cent do, but that doesn't matter. We're the Greens and we're telling you what to do. All we want is 10 per cent of that vote.' You are bleeding to the Greens to the left and you are bleeding to the blue-collar workers to the right. You waffle on and you
cannot make a decision. I have been down this track myself with Pauline Hanson and there is one way to do it: you go in and say, 'We are the government and we will try and assist you when you don't hurt our followers.'

When you do that you will be the Labor Party that stands up for something, but until you do that your vote will just be whittled away, as it is now. Twenty-seven per cent. Has anyone seen the Labor vote down at 27 per cent? It has never gone down that far, never been there, ever. And of course it will go there. People know who runs this government: it is Bob Brown. If you are for the Bob Brown line of thought you vote Green. If you are against the Bob Brown line of thought you vote for the coalition. That is why your vote is being whittled away and whittled away. Do you want to do something about it? I believe Tony Abbott gave you a way out today.

The ACTING DEPUTY PRESIDENT (Senator Hutchins): Senator Boswell, you need to refer to senators and members by their proper titles.

Senator BOSWELL: The Leader of the Opposition is giving you a way out. He is going to introduce a bill tomorrow for a plebiscite asking: are you in favour of laws to impose a carbon tax? This is the greatest opportunity you have. You can get out of this by supporting that bill. You can say: 'Well, 72 per cent of the people voted against it; we can't defy them. The people are always right.' I will give you a bit of advice: take this and run. Take this offer of Tony Abbott's and say: 'We support it. We want to go to a plebiscite.' And when the result is, as it will be, 72 per cent of people, or around that number, saying they do not want a carbon tax and 24 per cent saying they do, you can come to the parliament and say: 'We cannot do this. It is clearly not in the people's interest. They have expressed their wish for no carbon tax.'

But no, you are not going to do that. You will go full steam ahead and defy 72 per cent of the people. You are going to get the result when the next election comes around. You are thinking: 'We'll put this in and rush it through. We'll give people a bit of compensation and they're so stupid they'll forget it.' You are completely underestimating the intelligence of the Australian people. If you think they will take this, you are so naive that you just do not understand what it is all about.

The unions are erupting. Paul Howes, before he was kneecapped, said, 'If one job goes, that's it, we're out.' I can assure Paul Howes that many more jobs than one will go. Now we have Tony Maher of the CFMEU starting to say we will need more compensation, more assistance for the mining industry. That is shorthand for saying, 'Get out of this.' Senator Cameron is the most inconsistent. He says, 'We've got to have a carbon tax, we want a carbon tax and, by the way, let's bring some tariffs in to protect jobs.' On one hand, a carbon tax will kill jobs, but Senator Cameron says, 'Let's have some tariffs so we'll balance it up a bit.'

If you cannot believe me, why don't you believe Paul Howes? Why don't you believe Tony Maher. Why don't you believe the unions? Because they are telling you in no uncertain terms. They are on the floor, hearing it from the workers, the people who work at BlueScope and OneSteel, the 20,000 people who are employed by the steel industry. They only have to add another $8 a tonne on 7.5 million tonnes of steel and that will put the bottom line up $60 million, a loss for those two companies. They have already lost $55 million in the last six months and now you want to inflict on them another cost of $60 million. How do you
expect these people to pay decent wages when they are making a loss? How do you expect them to retain their workers when they are making a loss? Every day the CEOs of BlueScope and OneSteel are wondering how to keep the industry going. They think, 'We're already losing money, and the government is just hitting us again and again and again.' I am a bit different from a lot of people here—I made my living as a salesman. I was a manufacturer's agent and I sold things, and I was pretty successful at it. I want to tell the Labor Party one thing: never try and sell a shoddy product. A product has got to give value, it has got to give a price advantage and it has got to give someone who buys it an advantage. This carbon tax falls down on all three fronts. It is going to put the worker at a disadvantage. It is going to put business at a disadvantage. It is going to put the battler at a disadvantage. And they know it. If you try and sell a product that is shonky and then try to back it up with $12 million worth of advertising—we had a word for that in the trade. Something that was very bad to sell we called a 'dog'—and this thing is barking. A carbon tax is just barking, that's how bad it is!

If you want to go and sell this carbon tax, let's go and tell the farmers and tell the battlers and tell industry they are better off. But when you have convinced them of that—and you will not—let's go to the people in Indonesia, Malaysia and the Philippines and tell them: 'We want to inflict a higher cost on your food, on your electricity, on your transport, on your accommodation. We want you to suffer. We want you never to be able to get out of Third-World-country status—we just want you to stay there and suffer.' Do you think they're going to do that?

A carbon tax will only work if you get the rest of the world to come on side. In China in 2020 the carbon tax will have risen by 496 per cent; in India, by 350 per cent. What is the point of inflicting this on us when you know that there is no other country in the world, other than in the EU, that has brought in a carbon tax? And even a carbon tax in the EU collects $5 billion compared with ours collecting $11 billion in one year. (Time expired)

Senator PRATT (Western Australia) (16:09): Let us make no mistake here today: there are many points of difference, as we have had clearly illustrated this afternoon, on the issue of climate change between those opposite and the Gillard government, but none more so than on promises made to the Australian people about the facts on climate change, about the facts on what a price on carbon is, about the impacts of a carbon price on Australian industry and Australian jobs and about the facts of the impacts of a carbon price on Australian families. The majority of Australian people are worried about climate change; they want action on climate change, and they want that action now. Most people are smart enough to figure this out. They just want us to work through this with all the players and get on with it because, contrary to what the Leader of the Opposition would have us believe, a delay damages our economy and, in turn, our environment.

It is an important environmental and economic imperative that we should not continue to delay. I pay tribute to my government, the Gillard government, and members of the crossbench who are working hard to find agreement so we can get on with what must be done. All these people are working hard through the Multi-Party Climate Change Committee. It is not easy; there are diverse opinions. But one thing is clear, and that is that we must put a price on carbon. We must put a price on pollution. The Australian people also want a price on carbon; they want to make polluters pay.
So why are we here debating this motion today? It is because those opposite and their leader, Mr Abbott, do not believe that climate change is real. And because they do not believe that climate change is real they will do anything to stop the government putting in place a mechanism to make a contribution towards preventing the effects of climate change on our global and Australian environment, on our economy, on our industry, on our jobs and on our families. Here we are talking about Mr Abbott's latest wrecking-ball attempt, his latest scare tactic, his latest political stunt—all designed to stop action on climate change.

Mr Abbott now wants a plebiscite of the Australian people on carbon pricing, a plebiscite that will cost an estimated $80 million. But it is nothing more than a stunt designed to distract public debate from the real issues at hand. If he was serious about this he would have bothered to notify the parliament that he was going to introduce a private member's bill, but he did not even consult about his own proposal and he did not make the deadline to put the bill to parliament. Then he goes on radio in Melbourne and says that if a plebiscite did go ahead, if the Australian people who participated in his $80 million scare tactic voted yes for a carbon tax, he would still not support a carbon tax. So he is nothing more than a wrecker. He does not care what the Australian people really think about climate change. He just has the attitude that he will wreck anything positive that the Australian government is trying to do. He is not engaged in real policy debate on the question of climate change confronting this nation. He does not want the Gillard government to push ahead with tackling climate change by charging polluters for every tonne of pollution they produce. But the opposition can pull as many stunts as they like—that does not change two basic facts before us.

No. 1: climate change is real. No. 2: it is in our economic and environmental interests to address climate change.

This week, as the Science Meets Parliament event takes place again, I am reminded of statements made by the Federation of Australian Scientific and Technological Societies, FASTS, who have commended the government on consulting on the most important starting point for this debate, and that is the science. FASTS commended the government for using science to guide its climate change reform plans. They said:

'It's time for Australians to embrace sensible science and reject cheap politics.

The Federation of Australian Scientific and Technological Societies' chief executive officer, Anna-Maria Arabia, said:

While politicians debate the ins and outs of the proposed carbon tax, FASTS calls on all sides of politics to put peer-reviewed science ahead of cheap political arguments … When the Bureau of Meteorology warned tropical cyclone Yasi was on the way, no one doubted it. Why should we treat warnings from some of Australia’s top climate scientists on climate change any differently?

FASTS calls on all political parties to listen to the experts, to focus on the evidence—including the same experts and evidence that advised Anna Bligh during the natural disasters that hit our shores earlier this year.

In March 2010 the Bureau of Meteorology said their observations clearly demonstrated climate change was real. Nothing has changed.'

The peer-reviewed verdict is in. Action on climate change is too important to be derailed by naysayers and luddites. Action by governments, business, and the community must be fuelled by certainty, not doubt …

So we as politicians, as representatives of the Australian people, should be driven by a basic desire to build consensus on this question so that we can make progress on an important problem facing our nation and our
globe. We must work with the Australian community responsibly. We must take them on the journey to do what we know must be done; and that is exactly what the Gillard government is doing. But it is not only scientists who are calling on us to put a price on carbon. Leading market economists have also taken up this cudgel. Earlier this month, we saw 13 of our most prominent economists calling for such a price on carbon, because they know that a price on carbon is good for our economy.

The former Deputy Governor of the Reserve Bank, the Grattan Institute director, Saul Eslake; St George chief economist, Besa Deda; Citigroup Global Markets' Paul Brennan and Westpac chief economist, Bill Evans all have declared that putting a price on carbon is the best way to reduce carbon pollution. This eminent group have all described a price on carbon as 'a necessary and desirable structural reform of the Australian economy.

The Chief Economist of Westpac Bank, Mr Bill Evans, who was a signatory to the open letter, said:

The move to more efficient, cleaner energy through a well designed market mechanism to price carbon is a major and desirable structural and economic reform which will help Australia competitively position in a global low carbon economy.

This reinforces, yet again, that every credible participant in this debate knows that the only responsible thing for our nation to do is to price carbon. But what will happen to our economy if we do as Mr Abbott bids us? He bids us to do nothing, and he tries to scare us by saying that a price on carbon is a threat to our economy. But the real threat to our economy—to our competitive position—would be to do nothing. It does not come from a price on carbon; it comes from Mr Abbott's throwing out of his economics handbook and from his continued focus on perpetuating myths about the impact of a price on carbon.

The manufacturing industry is a good example. The Leader of the Opposition has been out and about making all sorts of outlandish claims about the impact of a price on carbon on Australia's manufacturing sector. But he is misleading manufacturers when he makes these claims—claims like 'industry will be wiped out'. The simple fact is that there are big consequences for the Australian manufacturing sector if we do nothing. The Australian government is not pretending there will not be challenges for industries as they adjust to a carbon price. But I promise you this: this is a Labor government that will provide the best support for the best possible adjustment. We have no choice but to begin this transformation. It is quite conceivable that, if we have do not have an appropriate price on carbon in our economy, we could face other nations imposing border tax adjustments on our exports, tariffs that would penalise Australian exporters for not producing in an economic system with a price on carbon in place. Countries are already making moves towards making this reality, and we cannot expect to do nothing when the world is acting. If we do nothing, Australian industry will get left behind. It will become uncompetitive. We know that, in order to support jobs and compete in the next century, a century which will be increasingly characterised by a move towards the clean energy and technology of the future, we need to act now. We need to be an economic leader in the field. But we are already in danger of falling behind. Many other nations are adjusting their economies to a carbon constrained future. They are adjusting much more rapidly than Australia is, because they are not being held back by a bunch of powerful climate change deniers, who are being led here by the Leader of the
Opposition, Mr Abbott. The Leader of the Opposition once supported action on climate change and on pricing carbon, but all the opposition can offer now is denial of basic scientific facts, denial of basic economic facts and rank political opportunism.

The Gillard government, on the other hand, is very mindful of the position of the manufacturing industry given the strength of the Australian dollar and rising commodity prices. The Leader of the Opposition is misleading manufacturers when he makes over-the-top claims that industry will be wiped out by a price on carbon. A price on carbon is not the foremost challenge facing Australia's manufacturing sector; we have to work together to support the manufacturing sector, and part of that is adjusting to a price on carbon and maintaining the efficiency of the sector as we move to put a price on carbon. The simple fact is that, if we do not price carbon, the manufacturing sector of the economy will get left behind. A carbon price is a major economic reform and an incentive to reduce pollution, to support jobs and to drive investment in renewable energy and low emissions technologies. If we cannot keep up in these sectors, which will be the global growth opportunity sectors in the future, there will be no hope for Australia's manufacturing sector. A price on carbon will create incentives throughout our economy to reduce carbon emissions.

The matter of public importance before the chamber is yet another political stunt; it makes no contribution to getting on with addressing the policy settings on climate change. (Time expired)

Senator KROGER (Victoria) (16:24): The flagrant disregard with which the Gillard government is treating the Australian public on the proposed introduction of a carbon tax is disgraceful, and they should stand condemned.

Before the last federal election, we heard many people quote the Prime Minister's own words: 'There will be no carbon tax under a government I lead'. She said this because she knew that a carbon tax was unacceptable to the men and women of Australia. Australia should not take an isolated approach to the reduction of carbon emissions. Instead, the actions of any Australian government must take into account the actions of all other Western developed nations and the emerging economic powerhouses of China and India; we should not act alone.

With Australia emitting only a very small percentage of global emissions, it is incumbent upon us to consider the effect that a carbon tax will have on the businesses and industries of Australia against the overall impact of anything we can do to make a difference in the global economy. We do not live in a silo—as much as those on the other side of the chamber would like to think that that is the case, it is simply not the case—and any action we take must give consideration first to Australian industry and second to the flow-on effect it will have on the cost of living for all Australian families.

In the manufacturing sector, we have seen job losses since early 2008 at a record high—108,000 jobs have been lost. That has happened before the introduction of a carbon tax and its application to the so-called 1,000 biggest emitters. In my home state of Victoria, which has the largest number of manufacturers in Australia, businesses are looking at being put out of operation, as energy costs are primed to skyrocket. Victoria is heavily dependent on brown coal energy, and many more Victorians are therefore set to lose their jobs. Many Victorian businesses operate with a very small profit margin and have no so-called 'fat in the system' to sustain escalating costs. This means that they can either pass on the
extra costs or, if they cannot pass them on, go out of business—it is as simple as that.

The Australian Labor Party draws its senators and members from the union movement, so I am dumbfounded that it is not seeking to protect the livelihood of the workers, who are the very people it professes to represent. This reflects the Labor Party's old class-war rhetoric in which the employer is always the bad guy—the capitalist making money off the workers. But if Labor had any understanding of business they would know that employers have the interests of employees at heart and that the futures and livelihoods of employers and employees are inextricably linked.

A carbon tax will not only put many employers out of business; it will also, sadly, put many workers out of a job. The government should reflect further and take a hard look at what is happening in other countries to see what happens when you do not have a healthy economy and when the health of your economy is not at the front and centre of your agenda. Only a fool would think that China and India will not prioritise their own economic advancement and put their consideration of global emissions lower down the list. This government does not need to take into account the situation globally in order to determine its course of action. The public polls taken on this issue over the last few months have all been consistent and they all tell us the same thing: Australians do not want a carbon tax and are rightfully concerned about the impact it would have on rising costs of living.

The modelling that was undertaken on the impact of former Prime Minister Kevin Rudd's ETS, based on a carbon price of $26 a tonne, showed that it would add an average $300 per year to electricity prices and upwards to $500 in New South Wales. A carbon tax would also increase grocery prices by virtue of the energy used in getting those very groceries onto the shelves. This is a government that only knows how to govern with the imposition of more taxes. It is not a wealth creator, not a job creator, but rather a spender of more taxpayer-funded money. With 14 new and increased taxes since its election, a rising deficit and increasing, escalating national debt, a carbon tax will ultimately be another measure to raise income.

The Prime Minister's assurances that all tax raised will be directed to those most affected does nothing to assuage the concern that those very people who may be compensated for increasing costs may well be out of a job. In my mind, it is always better to empower the individual with the opportunity to work and provide for themselves, and to provide and offer governance which encourages and raises productivity, thereby giving them the opportunity to improve their own standards, rather than to tax them to oblivion.

This is a government that has shown it cannot be trusted. We are now debating a carbon tax because of the short-term political expediency of the Prime Minister. In negotiating a formal alliance with the Greens, we know that Prime Minister Gillard did a backroom deal with the Greens for their support to form government. Let there be no misunderstanding here: this is a government that knows it is on the skids. We only have to walk down the corridors here to see the concerned faces of those who sit on the other side of the chamber. This is government on the skids. It knows it but it has clearly locked itself into a series of commitments. It is a government that has put itself before the interests of the Australian people. It is a government that puts power before the interests and livelihoods of the Australian people.
But I regret to say to those who may be listening to this: you have not seen anything yet. At least here in the Senate we have been able to hold the government to account in some small measure to date. We have been able to engage in dialogue which has been able to influence the policy direction of this government. However, after 1 July, the Australian Greens will provide the Australian Labor Party the support they need so that they will hold a majority in this place. It is because of the deal with the Greens that we are now discussing a carbon tax, and there is nobody in this place who does not believe otherwise. It is purely because of the backroom deals that have taken place that we now have a carbon tax on the table that we are discussing. It is only fair to ask how high the Greens will demand the government to jump for their continuing support to get whatever legislation the government wants through this place.

In conclusion, it is a sad day when the people of Australia are ignored. It is a sad day when the voice of the Commonwealth parliament is ignored. It is an even sadder day when the government benches, those on the other side of the chamber, do not stand up for the rights of their constituents and tell the Prime Minister that enough is enough. (Time expired)

Senator FURNER (Queensland) (16:34):
It is great to be part of the contribution to this MPI debate. As always, there is great conga line of people lining up, hands on hips. The climate sceptics who sit opposite are coming in one by one to talk about all this worry about loss of jobs and about our losing touch with the union movement. What a load of nonsense! I will not use the words that Mr Tony Abbott uses when he refers to climate change. We all know what those are. He says climate change is ‘crap’—that is the language he uses when he wants to discuss what climate change is all about, Senator Kroger.

As a Queensland senator, I come into this chamber often to speak about climate change, particularly in our state. It is one of those states that enjoy the eastern seaboard with numerous residents living along it. They will be the ones affected mostly by this inaction, if nothing is done about climate change. In fact, somewhere around 85 per cent of the nation's population live in coastal areas that will be affected by climate change if we do not proceed and do something about it. In 2009 it was calculated that, by 2100, about 247,000 residential buildings could be at risk as a result of rising sea levels and that it would cost $63 billion to replace them. And those are 2009 figures, of course.

Mr Deputy President Hutchins, I am sure you have been to Queensland and the Great Barrier Reef and have had the pleasure of seeing what the reef is all about—the marine life up there and the tourists that come from all over the world to go out onto the reef, enjoy time on our beaches and have a great holiday. That is all going to disappear. That is not a scare campaign; it has been identified scientifically that, if something is not done about climate change, all that will disappear.

Conversely, you get the opposition leader going into workplaces claiming that jobs will be lost in wrecking yards and bakeries. At any place he visits he reckons jobs will be destroyed and people will be out of work. There will be businesses shutting down. Once again, it is an absolute nonsense for him to be going around scaring the public about something that needs to be debated soundly with some passion and some understanding of what the scientists inform us.

As you are probably aware, Mr Acting Deputy President Hutchins, on the weekend
there was a Labor state conference in Queensland. I was so proud to hear the Prime Minister, Julia Gillard, announce the construction of the Solar Dawn power plant, which will be built at Chinchilla, west of Brisbane, an area which needs jobs. I heard an earlier speaker in this debate talking about the loss of jobs. This is going to promote jobs. At an estimated cost of $1.2 billion, you can imagine what sort of employment will be generated by this solar power plant at Chinchilla. Incidentally, it will generate 250 megawatts of power. It will be the largest federal government Solar Flagship Program undertaking and we will be supporting it with $464 million of funding. As a Queenslander, I am proud to be part of these announcements, which demonstrate our commitment to renewable energy.

Let us look at the contribution that Mr Tony Abbott has made to this debate. Back in 2007 he supported John Howard's decision to take an emissions trading scheme to the election campaign. In July 2009, he supported the passing of Kevin Rudd's ETS. Then he came out and said he was opposed to the ETS. Today I was fortunate enough to be on the floor of the House of Representatives, where the Prime Minister of New Zealand spoke of New Zealand's relationship with Australia. I found Mr Tony Abbott's contribution to be quite strange. Rather than approach the relationship with some sort of diplomacy and statesmanship, he claimed that we should water down the carbon-pricing arrangements that we are about to debate in this place. Once again, he flip-flops from one position to another. By inappropriately discussing his position on climate change, he made an absolute fool of himself in front of the Prime Minister of our closest neighbour and closest friend, New Zealand. This is what you get from Mr Tony Abbott.

The ACTING DEPUTY PRESIDENT: Order! The time for the debate has expired.

COMMITTEES
Finance and Public Administration Legislation Committee
Report
The ACTING DEPUTY PRESIDENT (Senator Hutchins) (16:40): Pursuant to standing order 38(7), I present the report of the Finance and Public Administration Legislation Committee on the Remuneration and Other Legislation Amendment Bill 2011, together with documents presented to the committee, which was presented to the President on 17 June 2011. In accordance with the terms of the standing order, the publication of the report was authorised.

Ordered that the report be printed.

Cyber-Safety Committee
Report
Senator WORTLEY (South Australia) (16:41): I present an interim report of the Joint Select Committee on Cyber-Safety, High-wire act, cyber-safety and the young. I seek leave to move a motion in relation to the report.

Leave granted.

Senator WORTLEY: I move:

That the Senate take note of the report.

It has been an honour to chair the parliament's Joint Select Committee on Cyber-Safety and to be tabling this report today, which is the culmination of 13 months' work. We know that cybersafety is a very important issue for all those who enter the online environment. It is my earnest wish that this report will make a difference and, as a result of the work carried out by the committee, ensure this environment is safer for all users but especially young Australians.

The committee consulted far and wide and heard evidence from Facebook, Yahoo, ninemsn, the Australian Federal Police, the
Australian Institute of Criminology, parent and teacher groups, education department representatives and leading academic experts. We conducted three roundtable hearings and seven public hearings, and, importantly, we listened to the concerns and views of young Australians—in fact, 33,751 young Australians. Two online surveys on cybersafety, one for 13- to 18-year-olds and one for 12-year-olds and under, were conducted. These young people not only completed the survey but also contributed more than 60,000 comments, many of which have been included in the report. In addition, the committee held face-to-face school forums and a Q&A style session where students told us exactly what they think. I take this opportunity to thank all of the thousands of young people who generously shared their stories and views both in our online surveys and in the forums. Their assistance was invaluable.

I can assure the Senate that we were astonished by the response to our ‘Are you safe?’ online survey—33,751 respondents represents the largest online survey conducted on cybersafety in Australia and one of the largest in the world. These surveys gave us unprecedented insight into the views of Australia's young people, their support networks, their cybersafety awareness and their online activities. The majority, 80.7 per cent of respondents were aged between 10 and 15 years. Survey results showed that 62.9 per cent of respondents aged 13 to 18 felt that more could be done to make the internet safer. Sixty per cent of those participating in the same age group believe that cyber-bullying is on the increase. Most of us in this chamber are what are known as digital immigrants. We have not grown up with technology. We have adapted to it and we have learnt it as required. This is in contrast to young Australian digital natives, the majority of whom have never known a world without the internet and feel they could not live happily without social networking sites or their mobile phone. To ignore this ignores the reality. Some statistics make this point clearly. In Australia, in March 2011, Facebook had nearly 11 million active users who had visited the site within the past 30 days. Over nine million users visit it every week and over seven million use it every day. There are more mobile phones in Australia than people. Seventy-eight per cent of households have computer access and 72 per cent have access to the internet.

Young Australians are growing up in a highly connected world. They use multiple media platforms for gaming, chat rooms, SMS and social media, and it is exciting for them. While many young Australians are aware of cybersafety and have incorporated it into their everyday activities, the federal government was sufficiently concerned about cybersafety to establish this committee in March 2010. The inquiry's terms of reference were sufficiently broad to enable online risks to be examined, including cyber-bullying, abuse of children online, exposure to illegal and inappropriate content, inappropriate social and health behaviours, identity theft and breaches of privacy.

This report focuses on how young people can be empowered to connect to the internet and use technologies with confidence, knowing that they can use them safely, ethically and with full awareness of the risks and benefits. It recognises that, while online communication is exciting and simple, there are potential risks that young people and parents alike must learn to recognise and address. From our consultations it is clear that younger generations hold the key to their own online safety and that their knowledge and risk management strategies are frequently undervalued. Young Australians want to be in control of their own
experiences in the online environment through better education, knowledge and skills, and they want cybersafety messages to be age-appropriate and to value their existing knowledge. This is what they told us. At the same time, they told us they want significant adults in their lives, such as parents, carers and teachers, to be better informed about the online world so that they can turn to them when difficult issues arise. Also, the media needs to be educated on issues of cybersafety.

The online environment is an integral part of modern economic and social activities and it is a vast resource of education, information, communication and entertainment. The evolution of new technologies is diversifying the ways in which especially young Australians connect with each other and the world. For most users, most of the time, their online experiences are positive. It is the committee's hope that its recommendations will ensure that the online environment will become even safer and that potential dangers are reduced. As adults we need to appreciate the wonder of these new technologies while ensuring young Australians are safe from potential risks. The risks may come when young internet users make no distinction between new media and their offline relationships. It is the case that some children are vulnerable both offline and online, so it is essential that we are alert to the risks as well as the great benefits of the digital economy.

The breadth and depth of material in the submissions we received was astounding and the evidence given by witnesses was invaluable to the committee. On behalf of all the other members of the committee, I would like to thank the witnesses for their attendance and for submitting themselves to our questions. We have made 32 recommendations which we believe would go a considerable way to improving cybersafety for Australia's young people if they are adopted.

Parents and carers have ultimate responsibility for educating and protecting their children, including in the online environment. The role that they play in cybersafety education is vital and, while many resources are available, it is not always clear where they can be found. We are concerned to assist those parents and carers whose familiarity with technology is not great and we have made recommendations that may assist this group. A number of other recommendations seek to strengthen the position of schools and teachers in dealing with cyber-bullying and other online abuses, including cyber-bullying of teachers themselves. Other important recommendations deal with the establishment of a greater degree of cross-jurisdictional cooperation between the various regulatory and law enforcement agencies.

In closing, I would like to express my thanks to my colleagues on the committee and the deputy chair in the other place, Mr Alex Hawke MP. I also thank my staff, particularly Kyle and Joan. Finally, to the secretariat: James Catchpole, Cheryl Scarlett, Lauren Wilson and Patrick Regan, I sincerely thank you for your support, expertise and dedication, and for all of the extra hours you put into this report. The ongoing work of this committee is important in that the benefits of the online environment will be maximised while potential risks to individuals will be reduced. I commend report to the Senate.

**Senator LUDLAM** (Western Australia) (16:51): With customary modesty, the one person that the chair, Senator Wortley, did not thank, which I am now very pleased to stand up and do, is herself for the enormous amount of work that she put into this report. It is quite a fitting tribute. I did not get the
opportunity the other night during valedictories to speak about Senator Wortley, but I think this is a really remarkable piece of work and it is a great contribution to a very important debate. I would also like to join with the remarks of the Australian Greens in thanking in particular the young people who made this report what it is. The committee, faced with the enormous range of threats and potential threats in the online environment, chose to confine itself in this report largely to challenges facing young people. We learnt many surprising things, particularly from young people and their advocates in all sectors of society, from parent groups, school groups and so on. I think this report really does reflect the huge amount of work that was put into it and the evidence that we took. I hope it reflects the kinds of views that people wanted to give to us. You will notice the large number of recommendations that reference the issue of education. I think if there was one single thing that the committee found and one simple message, really, that springs from this report it is the importance of education for young people and also, perhaps a little bit surprisingly, for others. In the context of Senator Wortley's comments on digital natives and digital immigrants, we did discover that many young people make no distinction at all between the online world and the offline. Those worlds are fused and it is really only people like us who talk about concepts like cyberbullying because, in fact, the medium itself has become so seamless with people's lived experiences that there is really no formal distinction made by kids in school or young people right up through university about threats in the online and offline worlds.

That was reflected in the sense that people from disadvantaged backgrounds and people who, at the moment, might fall on the wrong side of the digital divide—anybody from homeless people and Aboriginal people in disadvantaged communities to people from non-English-speaking backgrounds—who get online will tend to find that the disadvantage follows them there. Kids are more likely to be cyberbullied if they are already being bullied in the playground. The distinction really only exists in the minds of the MPs who set out to find what this threat of cyberbullying is really all about.

I am profoundly grateful to the people who spelt out in great detail to the digital immigrants who conducted the inquiry how life appears to people who—many of them—have no memory of before the internet became ubiquitous. In a way, the report educated politicians as to the true nature of the things that people grapple with online; people who have been there for their entire lives.

I do not want to overshadow the extraordinary opportunities there. This report did focus on the darker side of the internet; as human society has its dark side that is, of course, reflected in the online environment. That was where we went and that was what we sought out. But, obviously, we did not seek to undermine the amazing opportunities for connection and for social bonds that are post geographical, and which transcend the neighbourhoods that we grew up in in many ways. There are huge opportunities for education and cross-cultural contact which are probably new in history, really, given that we are not just communicating with other Australians but with connected communities right around the world.

One of the things that I expected this report to be about was the filter, because we got this inquiry up in the tail end, I suppose, of the debate on the government's proposal for mandatory filtering of the internet. It took two or three hearings before the subject was even raised. I found that really interesting—
that for people in the child protection community, people involved and deeply connected with issues of cybersafety, it just was not relevant. It just did not come up in the top 10 set of issues that people were concerned about. So there is very little of it in the report; there is no recommendation. There is a bit of evidence from both sides of the debate that I think probably helped to further the issue a little bit, but basically it has been relegated to the position of irrelevance that it deserves in this report, as it has in the broader debate. I think this is helpful.

It does remind us that when we talk about threats to people online we just tend to think of people trying to steal our identities, credit card fraud and the various other kinds of criminal activity that are conducted. That is a reminder to us that some of the threats to people online come from our own government, and that we need to be watchful right across the spectrum.

I would also like to add my comments to those of Senator Wortley in thanking the staff, who did an enormous amount of work putting this together. Again, I think it is a real credit to the chair; it is a fitting legacy to leave, and I hope that we can build on the work that has been done.

Question agreed to.

DELEGATION REPORTS
Delegation to the United Nations General Assembly

Report
Senator EGGLESTON (Western Australia) (16:56): by leave—I present a report that is not quite a delegation report, but it is the report of the delegates who attended the United Nations General Assembly between September and December 2010 as parliamentary advisers to the Australian Permanent Mission to the UN.

Australia has been sending two members of the federal parliament to the United Nations General Assembly to serve as parliamentary advisers to our permanent mission there for 54 years—a very long time. Australia, of course, is one of the founding members of the United Nations, and was one of the most consistent contributors to its finances. So Australia is seen as a very strong supporter of the UN and its agencies, and of the United Nations General Assembly process.

The General Assembly actually runs from mid-September to mid-December and is held, of course, in New York, heralded by the ringing of the Peace Bell by the Secretary-General in the rose garden of the United Nations headquarters. In the first couple of weeks of the General Assembly there was a forum on the Millennium Development Goals, which were set 10 years ago by the United Nations.

The Millennium Development Goals were set with the ultimate aim of eradicating poverty and hunger, improving education, providing gender equality and empowering women around the world. In many countries of the world women are really severely discriminated against, not only in terms of their human rights in marriage and so on; they are also prevented from having education, holding jobs and so on. In many parts of the world there are very high infant mortality rates and the Millennium Development Goals aim to reduce those mortality rates.

Improving maternal health was another Millennium Development Goal and combating HIV AIDS, malaria and other communicable diseases is the sixth goal. Ensuring environmental sustainability was the seventh goal and developing a global partnership for development was the last millennium goal. We are not doing as well as
we should be towards achieving those goals but certainly progress is being recorded, which is a very good thing. I found the period that I was at the UN a great experience and it gave a great overview of the way the United Nations and its agencies worked. I think there is a need for reform of the United Nations, especially in its decision-making process, which is a process of consensus whereby if one country does not agree to a course of action then that action does not occur. Quite useful programs and decisions can sometimes be held up for a very long time. We were given an example where one country has held up a decision for some 10 years because of this consensus approach to decision making. That certainly needs reforming.

The structure or membership of the Security Council also needs reforming. Its membership represents the power blocs of the world at the end of the Second World War and it is time we recognised that the Second World War ended more than 60 years ago. The permanent membership of the Security Council should be revised to reflect the modern power structures of the world.

The two parliamentary advisers had to choose two United Nations General Assembly committees to belong to. I chose to be on the second committee, which was economics and finance, and the third committee, which dealt with human rights issues and medical issues. It was very interesting and educational to see over two months how the Australian diplomats and other diplomats worked together to come to an agreement on the hundreds of resolutions which were put to those committees. Most of the hearings were held in camera. The diplomats showed a great deal of skill and intelligence in debating the small variations in words which were put up by different delegations and in achieving outcomes.

There were other countries that had MPs at the United Nations. We had a meeting with the Malaysian group, who were there for about three or four weeks. In fact, Australia was quite unusual in having delegates there for the entire General Assembly process. At the end of our time there a further meeting was held of the International Parliamentary Union, which was attended by about 70 MPs. They all made it plain that they saw the UN as having a major and good role in the world, for all its faults. In my view, the United Nations has been a force for good in the world through its agencies, such as the World Health Organisation, the Food and Agriculture Organisation and UNESCO. In its peace-keeping roles, the United Nations has succeeded in keeping the world a more peaceful place.

There is a quote from Dag Hammarskjold displayed around the United Nations building that the UN was not designed to take humanity to heaven but rather to prevent it from descending into hell. It is my view that the UN has succeeded in that objective. In the years since World War II, the world has not descended into the hell of a nuclear war, even though there were lots of minor skirmishes around the world. The UN managed to maintain a higher level of peace than might otherwise have been the case in the years since World War II ended.

Overall, it was a great privilege to go to the United Nations. I enjoyed the experience and learnt a great deal about the respect in which Australia is held by other countries of the world for our contribution to many areas of the activities of the United Nations. I am very grateful for having had this experience.

Senator O'BRIEN (Tasmania) (17:04): I concur with the remarks Senator Eggleston made on the report of the delegates who attended the United Nations General Assembly.
Assembly between September and December 2010 as parliamentary advisers to the Australian permanent mission to the United Nations and thank him and his staff for the work they have done in pulling the report together. Firstly, I thank some of the staff of our mission: Ambassador Gary Quinlan and Deputy Permanent Representative Andrew Goledzinowski; councillors now having left their posts, David Windsor and Andrew Rose; particularly First Secretary Sarah de Zoeten and Shannon White, who were very helpful to me in my role on this occasion at the assembly; AusAID representative, Fleur Davies, who was tireless in her work but quite prepared to involve both Senator Eggleston and me in the role of AusAID working through the United Nations in New York; and advisers Peter Stone and Sally Weston, who were involved in a number of issues, particularly the balloting process and Australia's negotiations in those processes for the election of representatives for various committees and, indeed, from time to time each year the selection of our choices in the ballot for membership of the Security Council that I know they were involved in.

I also give thanks to Minoli Perera, who left the mission at the end of last year and I believe is now posted in Papua New Guinea, and Rebecca Smith, who provided important assistance to us both; Kelvin Birrell, who has been at the post for many years and visited my family and me in Launceston recently on his visit to Tasmania, where he intends to relocate with his partner; and, last but not least, Joy Duncan, the personal assistant to Andrew Goledzinowski, who day by day and week by week provided us with information and assistance about the variety of things that were occurring which we perhaps did not know about and may have taken an interest in. I would also like to thank Ambassador Beazley, from our embassy in Washington, which we visited for three days during our time in the United States. I would particularly like to thank Congressional Liaison Officer Elizabeth Willis and Counsellor Jan Hutton from our mission, both of whom assisted us in accessing various appointments and gave us briefings about what was going on and some of the difficulties in the bureaucracy in Washington. They assisted us in dealing with the congress, particularly the Senate, and with some of the intricacies that our embassy encountered there.

There was an illuminating by-line in the whole process. People might think the competition between members of the Senate and members of the House of Representative here is fierce. In the United States, that contest has been won by the senators. Even the size and luxurious nature of their offices demonstrates their power over the members of the house in the United States.—in size and grandeur they were not comparable. That was a lesson in itself. It is not that I am espousing that for Australia, I am just indicating that perhaps Australian senators should not be envied compared to our United States counterparts.

I also thank Fiona Way and Lyn Witheridge from the International and Community Relations Office, who were of great assistance in organising the trip from Australia for my wife and me. I am sure Alan had similar positive experiences with the office in making the arrangements. HRG, Rebekah Campbell in particular, was also of great assistance in making arrangements for my wife and me. I wish to place on record my thanks to Rebekah.

This was my second opportunity to be part of the Australian mission to the United Nations for an extended period. I attended in 2008 with Jo Gash, the member for Gilmore, and on this occasion with Senator Eggleston, from Western Australia. On both occasions
my colleagues and I got along very well. While our interests were different, I think we meshed pretty well and performed as a team representing the Australian parliament.

I understand that only three members of the Australian parliament have been to the United Nations twice. Labor's Robert Ray and, I believe, former Senator Michael Baume are the other members of parliament who have been on two occasions. I suppose I am able to say I have joined that illustrious group, having had that opportunity on two occasions.

I will not go over the circumstances which led to my visit, but Ambassador Beazley suggested at a lunch that both Senator Eggleston and I attended that to have come twice must have meant that I had drawn blood on a number of occasions in the Labor caucus. He could not have been further from the truth. I was actually not expecting to come but, because of the circumstances surrounding the last election, I received a fateful phone call asking me if I was available. Funnily enough, I said yes!

The second occasion was an opportunity, having experienced the workings of the United Nations and the committee system, to point myself at a committee that I was very interested in but did not have the opportunity to fully experience on the previous occasion. That was the Fifth Committee, Administrative and Budgetary, of the United Nations, which functions somewhat like a house of review on the finances of the United Nations. I am extremely thankful to Shannon White from the mission, who involved me at every stage in the process of meeting with our Canadian and New Zealand allies, with whom we have a formalised alliance at the United Nations, the CANZ Group. In those meetings, I had the pleasure of working with Veronique Pepin-Halle, Philippe Lafortune and Karen Hung, from Canada, and Paul Ballantyne, from New Zealand. They were all very welcoming and they shared their knowledge and expertise, making my role that much more pleasurable. I am extremely grateful. I was also involved with representatives from South Korea, United States, Japan and the European Union countries. They were also welcoming and very interested in the fact that Australia sent members of its parliament to participate at an integral level in the operations of our nation and the committees of the United Nations.

I need to remark on some of the young people we met at our mission. Every year, our mission and our consulate in New York engage people they describe as 'interns'. They are unpaid; they do it for the experience to work with our missions. On the last occasion, the interns were Alan Wu, Tamer Morris, Jenna Donsky, Anna Charles and Jonathan Stambolis—all excellent young Australians, very well-qualified, who performed at an extraordinarily high level. Again, they did this without pay. They were there at their own expense, and paid their own rent and travel costs. They did that, no doubt, for a CV notation but also to provide an important service to our mission in New York. I congratulate them for the work that they performed. Just as I experienced very well-credentialed Australians on my first visit, this group of five were right up to the mark. We also saw youth representative Samah Hadid, who represented Australian youth at the mission. She was there for a shorter period than the interns but acquitted herself admirably.

The United Nations, as Alan said, is far from a perfect organisation. I have been privileged in having the opportunity to experience Australia's role in the workings of the organisation and some of its successes. It is an experience that I can recommend to anyone in this place. The experience has cemented in my mind the importance of our
being part of the United Nations, the importance of the UN's existence and the importance of Australia seeking a role on the Security Council.

Question agreed to.

**BILLS**

**Carbon Credits (Carbon Farming Initiative) Bill 2011**

**Carbon Credits (Consequential Amendments) Bill 2011**

**Australian National Registry of Emissions Units Bill 2011**

**First Reading**

Bills received from the House of Representatives.

**Senator SHERRY:** I move:

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

Question agreed to.

Bill read a first time.

**Second Reading**

**Senator SHERRY** (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (17:15): 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 second reading speeches read as follows—

**Carbon Credits (Carbon Farming Initiative) Bill 2011**

The government is committed to action on climate change and the need to reduce our carbon pollution.

This is because the government accepts the science and understands both the damage that unmitigated climate change would cause to Australia and the opportunities for our economy if we do take action.

On 24 February this year we announced the framework for a carbon price to take effect from 1 July 2012. That framework would not place any liability on agricultural, forestry or legacy waste emissions.

However, the government has also committed to create opportunities in these sectors for the creation of revenue through the reduction or storage of carbon pollution.

The Carbon Credits (Carbon Farming Initiative) Bill 2011 fulfils an election commitment to give farmers, forest growers and landholders access to carbon markets.

This will begin to unlock the abatement opportunities in the land sector which currently make up 23 percent of Australia’s emissions.

Australia has amongst the highest agricultural emissions of the developed countries. But we also have significant opportunities to increase carbon storage in our landscape.

We are a big country.

This scheme presents an opportunity for Australia to address these high emissions and for the agriculture sector to be part of the solution to climate change.

We are already making progress in this area.

Through Australia’s Farming Future, the government has invested $42.6 million into research and development into abatement options for the land sector.

The CSIRO and other research institutions are making important advances in carbon estimation techniques.

And around the country, innovative farmers have been developing ways to improve the health of agricultural soils, improve herd efficiency and to farm more sustainably.

This scheme will drive and reward the deployment of this Australian innovation.

The Carbon Farming Initiative will create incentives to protect our natural environment and adopt more sustainable farming practices as well as mitigate climate change.
Increasing carbon storage in agricultural soils improves soil health and productivity.

Revegetation will help restore degraded landscape and protect biodiversity.

Tree planting can help to address salinity and reduce erosion.

This is important because the agricultural sector is likely to be one of the most strongly affected by climate change.

The importance of these co-benefits is reflected in the objects of this bill.

We want to achieve carbon abatement in a manner that is consistent with protection of Australia’s natural environment and improves resilience to the impacts of climate change.

The Carbon Farming Initiative will create new, real and lasting economic opportunities for regional communities. Farmers and landholders will be rewarded for their actions to reduce or store carbon pollution. This is a very important step forward for regional and rural Australia.

This is not a government grant program.

The legislated scheme will allow sellers to deal directly with buyers and leverage the opportunities of the market place. Such a market place allows companies to invest in local land sector abatement through long term contracts and partnerships with farmers and landholders.

Markets are not new to farmers, nor are many of the things which can save or store carbon – trees and soil. What farmers need is a mechanism to add value to their actions and decide whether or not to invest.

Real and lasting economic opportunities are also what Indigenous Australians are telling us they want. The Carbon Farming Initiative includes a number of provisions to ensure Indigenous Australians can effectively participate and take up these opportunities.

This package of bills creates a legal framework which will provide certainty for private investment in carbon abatement.

The Carbon Farming Initiative provides a framework which is grounded in the science of climate change and provides clear economic value to actions which store or reduce our carbon pollution.

Overview

The Carbon Credits (Carbon Farming Initiative) Bill 2011 is one of a package of three related bills, including the Australian National Registry of Emissions Units Bill 2011 and the Carbon Credits (Consequential Amendments) Bill 2011.

The Carbon Farming Initiative is a voluntary scheme. There is no requirement to participate. But those that do will be eligible to receive carbon credits for every tonne of carbon pollution saved or stored.

These carbon credits can be exported or sold to companies that want to offset their emissions or to sell carbon neutral products.

The legislation seeks to balance environmental integrity with administrative simplicity. This is to enable broad participation in the scheme.

We have made a number of changes to the proposal released for consultation to reduce administrative costs.

The additionality test has been streamlined by removing the need to prove financial additionality. Instead, the government will identify and list activities that are not already in widespread use – that go beyond common practice.

The government will consult with stakeholders, and may undertake surveys, to identify activities that are beyond common practice. We will adopt a common sense approach that takes account of local conditions and industry circumstances.

Offsets reports will not be required once reforestation and vegetation has stopped growing and is no longer receiving credits.

Project proponents can choose a reporting period between 12 months and 5 years.

Audit requirements may be reduced for less complex projects.

This scheme will complement other government commitments to protect Australia’s unique natural environment and enable the development of competitive and sustainable farm industries.

This bill includes provision to exclude projects that have perverse impacts on water availability, biodiversity conservation; employment; or local communities from the scheme.
Eligible projects will need to comply with all state, Commonwealth and local government water, planning and environment requirements.

Project proponents will also be required to take account of regional natural resource management plans. These provide a mechanism for local communities to have their say about the type and location of abatement projects.

The government will monitor the implications of the scheme for regional communities and on the environment.

If there is evidence that projects are likely to have a material and adverse impacts, we will consider what further protections are necessary.

On the positive side of the ledger, the government will make it easy to market the co-benefits of abatement projects.

We know that buyers in the voluntary market want projects that have positive environmental and social benefits.

**Integrity of abatement**

Carbon credits are used to offset emissions. The price that buyers will be willing to pay for credits will depend on their perceived environmental credibility.

An independent expert committee, the Domestic Offsets Integrity Committee, has been established to ensure that estimation methodologies are rigorous and lead to real and verifiable abatement.

Other elements of the design of the scheme to ensure the integrity of credits include: issuing credits after the sequestration or emissions reductions have actually occurred; tracking of credits through a central national registry – this is included in the Registry Bill; transparency provisions including the publication of a wide range of information about approved projects; appropriate enforcement provisions to address non-compliance; and a robust audit scheme based on the National Greenhouse and Energy Reporting Scheme.

Carbon storage has to be permanent if it is going to be treated as equivalent to carbon emissions from industrial sectors.

The provisions to deal with permanence are rigorous yet flexible and well suited to Australian conditions.

Participants would be able to cancel their project and hand back credits issued at any time, for example because they wish to sell the land or use it for something else.

Land managers would not have to hand back credits if carbon stores are lost because of bushfire or drought. Instead, land managers holders will be required to take steps to re-establish lost carbon stores.

Temporary losses of carbon following a bushfire or drought would be covered by a risk of reversal buffer where a proportion of the credits are withheld.

**Conclusion**

We must not let the debate over the carbon price stop us from making a start on land sector abatement through the Carbon Farming Initiative.

We need a long-term framework for rewarding land sector abatement.

This will provide the investment certainty the sector needs to be part of the solution to climate change.

**Carbon Credits (Consequential Amendments) Bill 2011**

The Carbon Credits (Consequential Amendments) Bill 2011 contains consequential amendments and transitional provisions relating to the Carbon Farming Initiative and the establishment of the Australian National Registry of Emissions Units. It also makes various amendments to the National Greenhouse and Energy Reporting Act 2007.

The bill seeks to amend five Acts. Most of the proposed amendments will apply existing legislation relating to financial services, anti-money laundering and counter-terrorism financing to units held in the Registry. The amendments are intended to provide additional safeguards to protect purchasers of Australian carbon credit units and international units, and to provide deterrence against criminal activities involving the Carbon Farming Initiative.

The proposed amendments to the Corporations Act 2001 and Australian Securities and
Investments Commission Act 2001 will provide a strong regulatory regime to reduce the risk of market manipulation and misconduct relating to Australian carbon credits and eligible international emissions units. Appropriate adjustments to the regime to fit the characteristics of the different types of units and to avoid unnecessary compliance costs will be made through regulations.

As required by the Corporations Agreement between the Commonwealth, states and territories, the Ministerial Council for Corporations has been consulted about the amendments to the corporations legislation.

The Bill also proposes amendments to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 to ensure that financial institutions and other persons who buy and sell ACCUs and eligible international emissions units are regulated under that Act. These bodies will be subject to reporting and other requirements, including requirements to verify their customer's identity prior to trading in Australian carbon credit units or international emissions units.

To ensure that the Carbon Credits Administrator has sufficient information to tackle undesirable behaviours by scheme participants, administrators with relevant information, such as the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission and the Greenhouse and Energy Data Officer, will need to be able to share this information with the Administrator. The bill therefore proposes amendments to the Competition and Consumer Act 2010, the Australian Securities and Investments Commission Act 2001 and the National Greenhouse and Energy Reporting Act 2007. This will allow, for example, ASIC to disclose information that it possesses about wrongdoing in connection with trading of Australian carbon credit units which is also of significance to the Administrator as the operator of the Registry.

Part 27 of the Carbon Credits (Carbon Farming Initiative) Bill allows reciprocal flow of relevant information from the Carbon Credits Administrator to these bodies where it is required.

The Bill also proposes amendments to the NGER Act to allow the audit framework for the Carbon Farming Initiative to utilise the existing audit framework under the NGER Act. It also proposes to extend the arrangements for reporting transfer certificates beyond 30 June 2011, and other amendments to the Act.

Using the existing audit framework under the NGER Act will promote administrative efficiency and reduce duplication; for example, there will be a single register for qualified assurance auditors. It reduces complexity for auditors (many of whom will operate under both Acts) as they are already familiar with audit requirements set out under the NGER Act and can apply the same legislative requirements in areas of overlap between NGER and CFI legislation.

Reporting Transfer Certificates allow the voluntary transfer of reporting obligations relating to a facility from a registered controlling corporation to another corporation. This could occur where the other corporation has financial control of the facility and formally applies for the transfer of responsibilities. These provisions are voluntary and impose no additional burden on industry stakeholders. They are intended to reduce administration and economic costs for industry and increase flexibility in establishing reporting arrangements.

The Reporting Transfer Certificate arrangements were a temporary measure and it was intended they would be replaced by the liability transfer certificate provisions of the proposed Carbon Pollution Reduction Scheme legislation. As this legislation failed to pass the Senate, it is necessary to extend these arrangements.

The bill also provides for transitional measures arising from the Carbon Credits (Carbon Farming Initiative) Bill and the Australian National Registry of Emissions Units Bill. It is proposed that accounts held in the non-statutory Registry prior to commencement of the bill will continue in existence under the legislated Registry. Pre-existing audit determinations will also continue to have effect.

The consequential amendments contained in this bill are important for the efficient and effective operation of the Carbon Farming Initiative and the National Greenhouse and Energy Reporting System. The amendments seek,
where possible, to streamline institutional and regulatory arrangements and minimise administrative costs in both schemes, and to provide additional safeguards for the Carbon Farming Initiative.

**Australian National Registry of Emissions Units Bill 2011**

This bill provides for the establishment and maintenance of a robust Australian National Registry of Emissions Units to underpin implementation of the Carbon Farming Initiative.

An efficient electronic registry, governed by clear rules and supported by appropriate enforcement mechanisms, will allow farmers, landholders and other participants with offsets projects under the Initiative to receive, hold and transfer their carbon credits securely, with minimum costs and delay.

This important piece of infrastructure will be based on an existing registry that the Australian government established in 2008 to meet key obligations that Australia has under the Kyoto Protocol. The bill will put the Kyoto registry, which has operated on an administrative basis to date, on a legislative footing.

Combining the registry functions of the Carbon Farming Initiative and the Kyoto Protocol means that anyone who owns tradeable units issued under both systems will be able to hold those units in a single account. This will significantly reduce account establishment and operating costs, and streamline all transactions for account holders.

All accounts that exist in the current registry will be transferred to the statutory registry at the commencement of the Carbon Farming Initiative, without disruption to current account holders.

The bill provides for the recognition in Australian legislation of the emissions units created under the Kyoto Protocol. It sets out how these units can be issued and transferred and is consistent with Kyoto Protocol rules. The Carbon Credits (Carbon Farming Initiative) Bill 2011 deals with the process for exchanging Australian carbon credit units issued under the Carbon Farming Initiative with certain Kyoto units, which can then be sold in international carbon markets.

Other types of international units may also be recognised through regulations. This would allow other international carbon trading systems to be recognised and possibly linked to the Carbon Farming Initiative.

The bill will clarify that Kyoto and non-Kyoto units held in the registry are to be treated as personal property for the limited purposes of laws relating to bankruptcy, external administration, wills, intestacy and deceased estates, and any other prescribed purpose. This reduces any legal uncertainty surrounding the units in these circumstances.

A range of information in the registry will be made publicly available, including the name of account holders and the regulations may require publication of the total number of specified Kyoto units held in accounts. This information is required to meet requirements under the Kyoto Protocol and is currently available on the Department of Climate Change and Energy Efficiency website. Publication of information will also provide a high level of transparency to ensure public confidence in the Carbon Farming Initiative.

Users of the registry will expect the administrator of the registry to protect their accounts from misuse and to safeguard their carbon credits from theft.

High standards of security and a range of anti-fraud measures are already being applied to the existing registry. For example, the registry complies with IT security standards set by the Defence Signals Directorate and the United Nations Framework Convention on Climate Change. Anyone seeking to open a registry account must also undergo an identity check.

The bill will introduce additional safeguards to minimise the risk of fraud and misuse of the registry. These safeguards include: criminal penalties for fraudulent or dishonest conduct; powers to suspend registry operations temporarily to address threats to the system; the Administrator will have discretion not to transfer units where there are reasonable grounds to suspect that the transaction is fraudulent; powers to correct unauthorised entries in the registry; and powers to close the accounts of any persons who breach their registry obligations.
This bill provides for an efficient and safe system to hold and track carbon credits and other units used to implement the Carbon Farming Initiative and to meet Australia’s international obligations under the Kyoto Protocol.

Debate adjourned.

COMMITTEES

Legal and Constitutional Affairs Legislation Committee

Report

Senator CAROL BROWN: On behalf of the chair of the Legal and Constitutional Affairs Legislation Committee, Senator Crossin, I present the report of the committee on the provisions of the Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy Bill 2011 and related bills, together with submissions received by the committee.

Ordered that the report be printed.

BILLS

Tax Laws Amendment (2010 Measures No. 5) Bill 2010

Second Reading

Debate resumed on the motion:

That this bill be now read a second time.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (17:18): I firstly want to acknowledge my colleague Senator McLucas, who was handling this before the lunch adjournment. I will conclude the government's contribution to the second reading debate. Senator McLucas had referred to schedule 3, which will benefit affected taxpayers by insuring they will not be left worse-off by effectively losing some of their main residence exemption if part of their adjacent land is compulsorily acquired without the dwelling also being acquired.

Schedule 4 amends the tax laws to allow superannuation funds and retirement savings account providers to claim a income tax deduction for the cost of insuring the liability to provide terminal medical condition benefits to superannuation fund members and RSA holders. The amendment rectifies an anomaly in the tax law. The superannuation law was amended in February 2008 to include the terminal medical condition of release. This allows superannuation funds and RSA providers to provide benefits to members if the member is expected to pass away due to a terminal medical condition within 12 months. Superannuation funds and RSA providers are able to deduct the cost of providing benefits relating to the permanent incapacity condition of release and for the payment of death benefits. However, no associated deduction has been allowed for the cost of providing terminal medical condition benefits. Accordingly, this amendment will provide consistent tax treatment for similar insurance arrangements. Schedule 4 also makes some minor amendment to reflect the drafting convention that a human being should be referred to by the term 'individual' rather than the term 'person'.

The amendments contained in schedule 5 confirm the Commissioner of Taxation's interpretation of the GST law in allowing non-profit subentities to access the GST concessions available to their parent entity. As part of the amendments, non-profit subentities will be allowed to access the higher registration turnover threshold of $150,000 for non-profit bodies. The amendments take effect from the start of the first tax period after royal assent.

Schedule 6 amends the taxation administration legislation to provide that it will not be mandatory for the Commissioner of Taxation to apply a payment, credit or running balance account surplus against a tax
debts that are a BAS amount unless the amount is due and payable. The schedule gives effect to recommendation 39 of the Board of Taxation’s review of the legal framework for the administration of the goods and services tax, reducing compliance costs and unnecessary complexity for taxpayers.

Schedule 7 provides additional assistance for education expenses for eligible parents and carers of school age children. These amendments will expand the education tax refund to allow parents and carers to receive a refundable tax offset of up to 50 per cent for school uniform expenses from 1 July 2011. Extending the education tax refund to school uniforms builds on the education tax refund the government first introduced in July 2008, allowing parents and carers to claim a refund for laptops, home computers, printers, computer software, stationary and trade tools. The government is conscious that exactly what comprises a school uniform will vary from school to school, and has provided flexibility in the legislation to deal with various arrangements. As the education tax refund is a refundable tax offset, even if you do not pay tax you will be able to benefit from the government's decision to extend the education tax refund to cover school uniforms. The bill deserves the support of the parliament. I commend the bill to the Senate.

Question agreed to.

Bill read a second time.

In Committee

Bill—by leave—taken as a whole.

Senator CORMANN (Western Australia) (17:23): I seek leave to move the two coalition amendments which have been circulated in the chamber together.

Leave granted.

Senator CORMANN: I now move the two coalition amendments to this bill which relate specifically to the issue of capital protected borrowings and more specifically the benchmark interest rate:

(1) Schedule 2, item 7, page 7 (lines 12 to 15), omit subsection 247-20(5), substitute:

(5) The rate (the adjusted loan rate), at a particular time, is the midpoint at that time between the Reserve Bank of Australia’s Indicator Lending Rate for Standard Variable Housing Loans and Indicator Lending Rate for Personal Unsecured Loans — Variable Rate.

(2) Schedule 2, item 12, page 10 (lines 15 to 18), omit subsection 247-80(4), substitute:

(4) The rate (the adjusted loan rate), at a particular time, is the midpoint at that time between the Reserve Bank of Australia’s Indicator Lending Rate for Standard Variable Housing Loans and Indicator Lending Rate for Personal Unsecured Loans — Variable Rate.

I have a few comments in response to Senator Hurley's contribution to the debate earlier. I acknowledge that Senator Hurley recognised that capital protected borrowings are indeed a useful tool for conservative investment, which, of course, they are. Where I disagree with Senator Hurley is with her following contribution when she asserted that the industry was happy with the ultimate compromise the government ended up with—they are not—and her assertion that we are being a populist opposition not focused on what we would do if we were in government. Let me just assure the chamber and people across Australia that what the coalition are proposing with our amendments here in relation to the capital protected borrowings issue, which is a very technical issue, is indeed what we would be doing in government.

In order to put all this into a bit more context it is useful to go through some of the history around this issue, which was elaborated on in the report by the Senate
Economics Committee. Capital protected borrowings were first developed and marketed in Australia in the early 1990s. I am reading here from the coalition senators' dissenting report in relation to this issue in the inquiry report by the Economics Committee—

1.6 Originally, all the interest on these products was tax deductible.

1.7 In the late 1990s—the then Howard government—
... limited the fraction of interest that could be claimed as a tax deduction. Part of the interest was allocated as an investment expense (deductible) and the other a capital expense (not deductible).

1.8 This practice was challenged successfully in the courts. In 2002 the full bench of the Federal Court ruled that the component of 'interest' applicable to the cost of capital protection is deductible. The High Court later refused any appeal from the Tax Commissioner.

1.9 This required a legislative solution. In early 2003 the Treasurer and Assistant Treasurer ... introduced an 'interim methodology' for apportioning deductibility for capital protected borrowings, and opened a consultation process to determine a longer term methodology.

1.10 The new methodology was introduced from 1 July 2007. Any interest paid in excess of the Reserve Bank's Indicator Rate for personal unsecured loans would not be deductible (would be considered to be payment for capital protection). Government and industry were content although Treasury had argued for a lower rate.

But in comes the Rudd Labor government and decides to further lower the level of deductible interest rates to the point where the market in relation to capital protected borrowing completely collapsed. The Rudd Labor government was quite shocked at the immediate impact its ill-thought-out proposal had back in May 2008, which is why they did not progress this proposal at the time. The compromise proposal the government came up with eventually was just to use this arbitrary figure of adding 100 basis points to the rate originally announced in May 2008. There is absolutely no basis for that.

Evidence submitted to the Senate inquiry indicated that the 100 basis points arbitrary decision would not restore the market that was completely destroyed by the actions of the Rudd Labor government. I am quoting here from the AFMA submission.

The proposed 100 basis point increase above the rate originally announced in May 2008 acknowledges the concerns raised by the industry in this regard but it does not satisfactorily address the problems identified.

It should be remembered that industry agreed with the government that the original rate set for these products was too high and that there was scope to come to a more appropriate arrangement. However, the government's approach has been completely inconsistent. In this context I point to evidence from the Tax Institute, which pointed out a very important issue in their submission to the inquiry:

... the purpose of the provision is to deny a deduction for the amount that is comparable to the cost of acquiring separate and explicit protection. The rate chosen should be the rate most appropriate to determine that cost.

However, the approach set out in the EM appears to be the reverse. That is, the EM appears to set out an approach intended to limit a borrower's deductions to an amount reflecting the issuer's cost of funds and assumed credit risk. The purpose is to provide an adequate level of capital protection so as not to distort the market. So clearly the government has got it wrong up until now. They got it wrong in May 2008 and they still have it wrong by coming up with their arbitrary addition of 100 basis points. That, of course, will not address this issue satisfactorily. I suspect that the government and the minister may have to
come back in six months and fix this up yet again if the coalition amendment is not successful. The coalition is seeking to assist the government and to prevent embarrassment for the government in six to 12 months time when, no doubt, they will have to come up with an amendment similar or equivalent to that which the coalition is putting forward today. So I urge senators to consider this issue very carefully, look at the impact that the government's ham-fisted approach to this issue has had on the capital protected borrowings market over the last three years and join the coalition in a more sensible, appropriate and balanced approach to this issue, which, of course, is completely supported by the industry.

As Senator Hurley said, capital protected borrowings are a useful tool for conservative investment, and I do not know why the chair of the economics committee in her contribution started to say that making it more generous than what the government has put on the table so far would somehow encourage tax evasion. No, it will not encourage tax evasion. These are deductions of costs incurred by investors and unless Senator Hurley is suggesting that claiming appropriate deductions for costs incurred is tax evasion I do not really understand where she was coming from there.

With those few remarks, I move the two amendments that have been circulated by the coalition, and I commend them to the Senate as a more appropriate methodology for calculating the benchmark interest rate in the context of capital protected borrowings.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (17:31): The government will not be supporting the two amendments. I have just a couple of points to make. I do not want to take the time of the Senate overly; this matter has been well canvassed and well covered by the Senate economics committee.

One point that Senator Cormann made that I do disagree with is this: he claimed that the market, because of the government's decision, had been disrupted. But coincidence is not causation. The market was disrupted, but it was not as a result of the government; it was as a result of the general market disruption we were seeing through the global financial crisis. That is the first point I would make.

The second point is that the government did appoint an independent expert. Professor Ken Davis was hired to evaluate the appropriate level of the benchmark rate. He found the appropriate rate was of a similar order of magnitude to the housing loan rate. He found that the upper limit of what was appropriate was the margin lending rate. So the rate that is being proposed, the housing loan rate plus 100 basis points, is around the middle of the range that was deemed appropriate by the expert. Setting the rate in the range proposed by the expert was supported by the Senate economics committee. As I have said, there was a fair amount of attention given to this matter in its report and it has been well outlined by my colleague Senator Hurley.

The government believes this is a reasonable, fair and balanced approach to setting the benchmark. Should the opposition's amendments be successful, I think it would cost government revenue of $46 million over four years on the forward estimates. And I would point out that the matter of contention is just one of the measures contained in the bill. There are a number of other important measures in this legislation and they have been touched on in the broader second reading debate. There are measures to assist taxpayers and the film
industry, tax rebates for school uniforms et cetera. So I would urge the Senate to pass the bill without these two amendments—to reject these two amendments.

Senator CORMANN (Western Australia) (17:33): I will not hold the Senate up much longer. I will make just one final point in response to the minister's comments about cost in the budget, because the minister clearly was not in the chamber when we went through the second reading debate. All the evidence so far is that Treasury has completely overestimated the revenue that would be generated from lowering the applicable interest rates in the context of capital protected borrowings, as they proposed in May 2008 and have not so far implemented. We believe that there is evidence to the committee that Treasury has overestimated the impact of this particular measure. Here I refer the minister specifically to an exchange between Senator Bushby and Dr Lynch where Senator Bushby asked whether any calculations had been done on the impact that that might have, and Dr Lynch said:

… we advised Treasury in 2008, that the market would fall back substantially. It has done that. Further, the level of activity in the income generator within that part of the industry has declined commensurately. Also the number of people employed in that part of the industry has been reduced. For a variety of reasons we think revenue certainly will not meet the expectations that are in the forecast.

Looking at the longer term, if the market continues in the direction it is going at the present, there will not be very much revenue collected at all through this process.

So I would caution the Senate when the minister is putting forward the sorts of estimates that he has just quoted, because invariably those sorts of estimates are found to be wrong in hindsight. Question put:

That the amendments (Senator Cormann's) be agreed to.

The committee divided. [17:40]

(The Chairman—Senator Ferguson)

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

AYES
Abetz, E
Back, CJ
Bernardi, C
Boswell, RLD
Bushby, DC
Cormann, M
Ferguson, AB
Fifield, MP
Heffernan, W
Joyce, B
Macdonald, ID
McGauran, JJJ
Parry, S
Ronaldson, M
Scullion, NG
Williams, JR

NOES
Arbib, MV
Bilyk, CL
Bishop, TM
Brown, RJ
Collins, JMA
Farrell, D
Feeney, D
Forshaw, MG
Hanson-Young, SC
Hurley, A
Ludlam, S
McEwen, A
Milne, C
O'Brien, K
Pratt, LC

Ayes, 31; Noes, 33; Majority, 2.
Monday, 20 June 2011

SENATE
CHAMBER

NOES
Siewert, R
Sterle, G
Xenophon, N

AYES
Siewert, R (teller)

PAIRS
Brandis, GH
Colbeck, R
Coonan, H
Johnston, D
Nash, F
Troeth, JM

Brandis, GH
Colbeck, R
Coonan, H
Johnston, D
Nash, F
Troeth, JM

Question negatived.
Bill agreed to.
Bill reported without amendment; report adopted.

Third Reading

Senator SHERRY: I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011

In Committee
Consideration resumed.

The CHAIRMAN: The Senate is considering the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011 and two postponed divisions. The question is that the Greens amendment (1) on sheet 7082 be agreed to.

The committee divided [17:49]
(The Chairman—Senator Ferguson)

Ayes................5
Noes................47
Majority.............42

AYES
Brown, RJ
Hanson-Young, SC
Ludlam, S
Milne, C

NOES
Adams, J
Barnett, G
Bilyk, CL
Bishop, TM
Boyce, SK
Bushby, DC
Collins, JMA
Cormann, M
Eggleston, A
Faulkner, J
Ferguson, AB
Fierravanti-Wells, C
Forsyth, MG
Hurley, A
Joyce, B
Mason, B
McGauran, JJJ
Moore, CM
Parry, S
Polley, H
Ryan, SM
Sterle, G
Williams, JR
Xenophon, N

AYES
Back, CJ
Bernardi, C
Birmingham, SJ
Boswell, RLD
Brown, CL (teller)
Cash, MC
Coonen, H
Crossin, P
Farrell, D
Feeney, D
Fielding, S
Fisher, M
Furner, ML
Hutchins, S
Kroger, H
McEwen, A
McLucas, J
O’Brien, K
Payne, MA
Ronaldson, M
Stephens, U
Trod, R
Wortley, D

Question negatived.

The CHAIRMAN: The question now is that opposition amendments (1) to (4) on sheet 7087 be agreed to.

The committee divided [17:57]
(The Chairman—Senator Ferguson)

Ayes..................30
Noes..................33
Majority..............3

AYES
Abetz, E
Back, CJ
Birmingham, SJ
Boyce, SK
Coonen, H
Eggleston, A
Fierravanti-Wells, C
Fisher, M
Joyce, B

NOES
Adams, J (teller)
Barnett, G
Boswell, RLD
Cash, MC
Cormann, M
Ferguson, AB
Fielding, S
Fisher, M
Furner, ML
Hutchins, S
Kroger, H
McEwen, A
McLucas, J
O’Brien, K
Payne, MA
Ronaldson, M
Stephens, U
Trod, R
Wortley, D

CHAMBER
AYES
Macdonald, ID
McCauran, JJJ
Parry, S
Ronaldson, M
Scullion, NG
Trood, R

Mason, B
Minchin, NH
Payne, MA
Ryan, SM
Troeth, JM
Williams, JR

NOES
Arbib, MV
Bilyk, CL
Bishop, TM
Brown, CL (teller)
Brown, RJ
Collins, JMA
Farrell, D
Feeney, D
Furner, ML
Forshaw, MG
Hurley, A
Ludlam, S
McEwen, A
Milne, C
O’Brien, K
Pratt, LC
Siewert, R
Sterle, G
Xenophon, N

Bilyk, CL
Brown, CL (teller)
Cameron, DN
Crossin, P
Faulkner, J
Fielding, S
Furner, ML
Hogg, JJ
Hutchins, S
Marshall, GM
McLucas, J
Moore, CM
Polley, H
Sherry, NJ
Stephens, U
Wortley, D

PAIRS
Bernardi, C
Brandis, GH
Bushby, DC
Colbeck, R
Johnston, D
Nash, F

Ludwig, JW
Wong, P
Evans, C
Conroy, SM
Lundy, KA
Carr, KJ

Taxation of Alternative Fuels Legislation Amendment Bill 2011
Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011
Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011
Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011

Second Reading
Debate resumed on the motion:
That these bills be now read a second time.


What we are seeing from the Gillard government with this set of bills is yet another attack on the cost of living of all Australian families. The first three bills deal with the taxation of gaseous fuels for motor vehicles. They will apply a tax to LNG, CNG and LPG. They will apply a tax to the tax fleet. They will apply a tax to the public transport systems, particularly those in cities such as Sydney, Perth and Brisbane whose buses use compressed natural gas not only to lower emissions but also to lower pollution. These buses burn cleaner and provide Australia with an opportunity to use some of the overwhelmingly ample resources that we have in natural gas.

Australia is a very lucky country. We are self-sufficient in energy. We are in fact one of the few OECD countries that export energy. That energy comes from a number of sources. It comes from coal, and we are the
biggest exporter in the world of both coking coal for the manufacture of steel and steaming coal for the production of electricity. That energy comes also from LNG, of which similarly we are a very significant exporter. We have a supply of gas in Australia that will probably last a couple of hundred years at a bare minimum based on current reserves. It makes sense to use that resource here in Australia in transportation fuels, which is the one area in which we are deficient. We import almost 50 per cent of the petrol, diesel and crude oil that we use in our transport fleet. Finally, the energy comes from LPG, of which we are also net exporters and, while many of us in this place know LPG as the thing that runs our barbecues and in some cases our hot water systems and stoves, LPG's main use is in transportation fuels. It makes no sense to apply a tax to those fuels.

On top of the increases to electricity prices and the cost of living expenses that will occur as a result of the carbon tax, families and businesses now face yet further pressure on the cost of fuel because of the Gillard government's policies. Where will it end? Perhaps at the next election.

As we see from these bills, the intention of the government is to raise by 20 per cent the cost of those fuels to those families using LPG in their vehicles. This is not a small increase; this is a major hit on the family budget, an attack by the Gillard government on the purse strings of everyday Australian families already struggling under massive increases in electricity prices, gas prices, water charges and other living costs. These increases are soon to be made even more massive by an ill-conceived carbon tax which will add yet further costs, including in the area of transport, to all Australians.

Applying an excise of 12½ per cent per litre on LPG makes no sense at all. This government runs a program to encourage families through a financial incentive to convert their vehicles to LPG by offsetting some of the cost of conversion. Yet with all that encouragement, the government is really just setting a honey trap: 'We'll get these vehicles onto LPG,' they think, 'and then we'll increase the cost of LPG by 20 per cent. We'll increase the tax to make sure that these families can no longer cope with the pressures of the cost of living.' That is the Labor Party's way of deceiving the public and the way they think about increasing the pressures on Australian households.

Currently, 283,000 vehicles have been converted to LPG under this government scheme. Every single one of those vehicles is owned by a family. This scheme is not open to commercial vehicles. It is not open to fleet vehicles and it is not open to business vehicles. It is only open to family-owned vehicles. As I said, there are 283,000 vehicles owned by 283,000 Australian families who, if the first of these three bills passes, will wake up to higher fuel costs courtesy of the Rudd-Gillard Labor government.

There is absolutely no justification for this. Why is the government doing it? It needs the money. Why does it need the money? It wasted so much money. This is an old-style spend, waste and tax government of the kind that we always see from Labor. It spends money and wastes money until it has no option but to increase the taxes on ordinary Australian families. Shame on you.

This tax on Australian families is intolerable and the opposition, we hope with the support of Independents, will do everything we can to defeat these first three bills. Along with those 283,000 vehicles of which I have spoken, there are another 400,000-plus vehicles that have already been converted to gas, and a majority of those
vehicles would be owned by families. Some of these families would have bought them second-hand from a car yard in the expectation that they would be able to continue to use the vehicles to lower the cost of living, to lower the cost of taking their kids to school every morning and to lower the cost of running a family in Australia under a government that is so out of touch. Costs rise every day. Soon, with a carbon tax, those costs will rise even more steeply. What we see in these first three bills is a government so desperate for money to fill the enormous black holes it created by wasting money that it has decided to cast the burden on the shoulders of working families, with whose support it was elected in 2007 and whom, through its own mismanagement, it is now betraying.

I would like to give the government the benefit of the doubt that they are not trying to destroy family budgets with this tax but that the money will actually be needed because they are incompetent money managers and wasteful with spending. I would like to think that was the reason, but sometimes it is hard to accept that it is the only reason. It appears to me that this is more about them being completely out of touch and completely lacking in compassion for and understanding of the way in which families in Australia are currently struggling under cost-of-living pressures generated in part by the Labor government.

The fourth of these bills, the Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011, is one which the coalition will support. It is a bill to extend the grants scheme to biodiesel and renewable diesel. In Australia we face a challenge in supplying enough transport fuel. We are trying to build a biofuels industry in Australia. The coalition support the measures that were taken previously by the Howard government and continued by the Rudd and Gillard governments to provide grants to the ethanol, biodiesel and renewable diesel industries to offset the excise which is applied to those fuels at the full rate of 38.143c per litre. The coalition will support the Energy Grants (Cleaner Fuels) Scheme Amendment Bill because it maintains the grants for the biodiesel and renewable diesel industry. This is an industry that is doing it tough. The industry has faced unfair dumping from overseas suppliers. I commend the government for continuing what we started. With that certainty, at least until 2020, I hope that the biodiesel industry, truly supported and protected from dumping actions by the anti-dumping legislation, will be able to resume some economic growth and help us to supply the burgeoning demand for diesel fuel in Australia.

Let us look at the trend in the motor industry in this country. Much of the romance goes to hybrid vehicles—and we are producing hybrid vehicles here in Australia, including, for example, the Camry, which is based on Toyota's Prius technology. There are a number of other vehicles around now that run on hybrid technology. If you want a Porsche, you can buy one that uses hybrid technology. But, if you want to drive the most efficient vehicle in the world as measured by litres consumed per 100 kilometres, you will buy a diesel vehicle. If the opportunity is there for Australia to increase its self-sufficiency by using the most efficient of fuels, diesel, through the production of renewable diesel or biodiesel, then we need to ensure that those incentives continue. That is what the fourth bill does: it provides the incentive for diesel production.

We then move to compressed natural gas. It is a cumbersome fuel but one which has a place in the Australian urban environment, particularly for delivery vehicles or buses that return to a depot and can carry this bulky fuel. It is not liquefied; it is compressed,
which is why it is called compressed natural gas. It takes up a lot of room and the fuel tanks weigh a lot, but it has a very significant role to play in public transport. This is a fuel that we are trying to get into our bus fleets. Might I pause to commend my friend and colleague Mrs Jane Prentice, the member for Ryan, who is the chair of the Brisbane City Council’s transport department and who pioneered the introduction of such buses in my city. Perth has about 300 such buses, Sydney has around the same number and growing and, as I said a moment ago, Brisbane has made an investment in these buses. The buses do not leave particulates in the air, they burn cleaner, they provide an opportunity to reduce emissions and they will increase the efficient transport of people through the public transport system.

So what does the government do to those buses? It taxes them. What is the result of the tax? Those buses will no longer be bought, because the economics of running a compressed natural gas bus simply will not be there. We will stop using a fuel that we are abundant in—so abundant that we export tens of millions of tonnes and perhaps soon 50 million times per year in the form of LNG. This government will tax it to the point where it is not economical to run those buses and so they will go back to using diesel. Then there are all the issues associated with that in terms of the balance of payments. Shame on you. Further, those 900 buses already in use would face a fuel price increase of at least 20 per cent in the case of CNG. That means that bus fares will go up. Here we have a government that claims it is all about reducing emissions and introducing efficiencies and all about trying to get people to use public transport, but it is so desperate for money it has to present these bills to the parliament, with the effect that I have indicated. This government reaches out to every part of sensible living and taxes it.

We have a tax on family cars, a tax on compressed natural gas buses and we also have a tax on taxis. The 19,000 taxis in Australia are going to see a 20 per cent rise in their fuel cost. That means higher taxi fares in Australia, because the Gillard government just cannot manage money. They are so desperate to get money into their coffers that they will literally tax anything that moves.

This is bad legislation. It is not about improving efficiencies in this country. It is not about ensuring that Australia is a better place to live. It is legislation about taxing a fuel source which we have in abundance. It is legislation about taxing a fuel source that is efficient. It is legislation about taxing a fuel source that is a low emitter. It is legislation about taxing the livelihoods of Australians. It is legislation about increasing the cost-of-living pressures on families. Shame on you.

The opposition will oppose the first three bills. I flag that we will move an amendment to the fourth bill. This is necessary because the government has incorporated a suicide clause. If each of these bills is not passed, none of them will receive royal assent. The government is prepared to say to the biodiesel industry: 'If the opposition knocks over these bad bills on LPG, we are going to tax you at 38.143c.' Our amendment will break the nexus between these bills. It will ensure that if the first three bills are defeated, which they should be, and the fourth bill is passed, which it should be, then we do not have to rely on all four bills being passed to get royal assent.

Our amendment will make the fourth bill, the Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011, effective from 1 July 2011. There should be no other way. You cannot leave the biodiesel and renewable diesel industries swinging in the breeze.
while the government plays games with their livelihood. As I said, the biodiesel industry has been through enough already. We need to give that industry certainty and, as usual, it is the coalition that will do that. That is the reason that the Howard government never proceeded with this. We never presented legislation in this House when families were in financial crisis, because we knew, we were in touch and we understood. We believed in ensuring that these pressures were not put on families by a new tax. This government is oblivious to that fact. It knows, or it should know, that families are under pressure now, just as we knew when we were in government, which is why we never proceeded with these bills, but this government, in its ignorance, callousness and obliviousness to the concerns of everyday Australians, proceeds with this bad legislation in any event.

Senator MILNE (Tasmania—Deputy Leader of the Australian Greens) (18:22): I rise to indicate that the Australian Greens will be supporting this legislation.

Senator Brandis: Of course you do. It's a tax on people.

Senator MILNE: I just note, Senator Brandis, that in May 2003 the then Treasurer, Peter Costello, announced the alternative fuel tax arrangements as long-term important reforms. He said at the time that Australia must have a more consistent and sustainable fuel tax regime. In December 2003, when Senator Brandis was in the Senate, the then Prime Minister, John Howard, said the reforms would result in a more consistent neutral tax regime for fuels used in vehicles, and the Deputy Prime Minister at that time, John Anderson, emphasised the importance of investment, certainty, and so on and so forth. So let's have less of the hypocrisy. The hypocrisy here is coming from the coalition, because, indeed, these reforms were announced by the coalition in the 2003-04 budget when they were in government.

I want to address my remarks today first of all on the importance of finally getting to a proper fuel excise arrangement. This is something I have been arguing since I have been in the Senate. It is time, if we are considering that we need to move to a low-carbon economy, that we had an internally consistent set of policies that mean that we encourage people to drive less, and when they do drive they should drive more efficiently.

At the same time we need to look at what is happening globally in terms of transport. What we are seeing is the rapid electrification of the transport fleet. You only have to see what is happening in countries like China, where they are rolling out something like 10 million charging stations for electric vehicles and massive investment, even when there are popular driving and car shows saying that this is the end of motoring as we know it. There is such a revolution going on in cars and a whole range of different kinds of engines in cars, but essentially it is all about fuel efficiency.

If we go to the notion that we want people to drive less and have more public transport, better designed cities and so on, and that people should drive more efficiently, one way to ensure that is to make sure we have mandatory vehicle fuel efficiency standards that are futuristic, not backward as those announced by the government during the recent election campaign. Not only do we need high mandatory vehicle fuel efficiency standards; we also need to make sure we have a fuel excise system that genuinely reflects the energy content of the fuel. Whilst we now have essentially three broad categories of fuel excise, we think we need to have a proper review of fuel excise and we
should charge for the level of energy content in the fuel, phased in over time, so that people know when they are buying a vehicle now that in three or four years hence there will be an excise regime which will reflect absolutely the energy content of the fuel. If you want to buy a car that is powered by a fuel with a high energy content, you will know the running costs of that car are going to be considerably more than if you bought an electric vehicle, a fully electric plug-in, which you power from your own sources, if it is renewable. Then you will have a situation where you end up with no fuel excise in the long run. That is why I have talked endlessly about shifting to this kind of system. At the same time you would need to phase in a road user charge, because with electrification of the transport fleet and renewable energy there will come a point when people are not paying fuel excise but using the road system. You will have to have a system which reflects that. You are going to have to have a system which reflects that. This is particularly in the context of bringing in carbon pricing.

We need to have an understanding of how carbon pricing relates to fuel excise and how fuel excise is about shifting the effort onto less emissions-intensive fuels. Or are people intending to run two regimes: a carbon pricing regime on the one hand and a fuel excise on the other? It makes no sense. Over time, we need to get rid of the fuel excise as it currently is, shift it to a fuel excise system based on the energy intensity of the fuel and at the same time phase in road user charges that reflect the transition to fully electric vehicles, which is where the world is going.

I think that is where we need a lot more consistency and thought. In terms of the Australian car industry, it is complete madness to keep on subsidising a car industry which is not making top-of-the-range vehicles in fuel efficiency. Otherwise, you end up with an export market for the old six-cylinder or eight-cylinder vehicles that go to the Saudi Arabian market et cetera. We want to do, in fact, as China did: set the highest mandatory vehicle fuel efficiency standards, create the technology to meet them and then build themselves a competitive position. In reality, if you want to keep building cars that have poor standards you are going to end up with no market and you will be uncompetitive and totally dependent on being subsidised—on having a market with government car fleets and so on. That is not the way to build long-term job security or competitiveness in a car-manufacturing market.

To get to the point of the legislation: I think everybody recognises that liquefied petroleum gas is a fossil fuel. There seems to be some sort of perception that it is vastly superior to petrol and diesel, and that on that basis you would need to be given a free ride with respect to taxation. In fact, gas is not substantially more efficient than petrol and diesel. It is only about 13 per cent more efficient. That is the mythology around LPG. It is certainly more efficient, but not so significantly that you would say that it ought not to fit into an excise regime. If you had a regime such as that I am proposing then it would find its natural place in the excise and you would charge with the highest levels of excise for the largest energy content right down to the lowest fuel excise for that with the lowest energy content.

We need to grapple with the reality that we are in a climate change emergency. I am fully aware that there are many people in this chamber who do not believe that. But we do need to move as rapidly as we can to a zero-emission energy sector, and that includes transport. It means we need to switch to those ultraefficient vehicles, including the plug-in hybrids like the Chevrolet Volt or the Audi A1 e-tron—even over conventional
engine vehicles like the Fiat 500 Twin Air—over the next few years. If gas powered vehicles can compete with this new technology, well and good, but we think that subsidising LPG and other gaseous fuels in a way that reduces the competitiveness of this new technology is not exactly a very good thing to do. Fundamentally, we have the view that there should be a level playing field and that the LPG industry, in particular, ought to fit in on that line on the level of emissions, as I said.

I have had a lot of representations from the LPG industry in Tasmania, I have to say. They are very concerned that they will be particularly adversely impacted by this bill because of the additional cost of transporting LPG to Tasmania. I have raised these concerns with the minister, and I just reiterate a bit further that Tasmania does rely on LPG for auto gas with domestic, commercial and industrial customers. The federal government has yet to bring out its energy White Paper. It has no alternative fuels policy in place generally, and we know that Tasmanians suffer because of the freight impost. The taxi industry in Tasmania is arguing that it will suffer more so than the rest because of that. Of course, the taxi industry across Australia is arguing that there will be a greater impost and higher fares.

The cost of shipping to Tasmania is approximately 12.5 cents per litre. The question here becomes: will the adverse impact that the industry anticipates actually put it out of business? It is a question of critical mass for Tasmania, and it is true that it has taken the industry a long time to get a number of outlets around the state so that it is actually competitive to use this in Tasmania. Up until a while ago there were areas of Tasmania where you just could not get LPG. It was difficult for people with hire cars and all the rest of it. Now that has changed; there is a network throughout Tasmania. But the issue here is: if the price goes up, and with the additional costs of the transport of fuel, the freight, are they going to have a significant adverse impact?

As I indicated, I have raised that with the minister. The government believes that these concerns are unfounded, but nevertheless what the minister has undertaken to me is that they will monitor the industry in Tasmania closely and if a problem arises then steps will be taken to rectify the situation. I do not know what those steps might be, but they may well be that the government would have to look at the additional freight arrangements into Tasmania. I just want to put on the record that I am aware of the effort that has gone into Tasmania to build the network in recent times. I will be coming back to the government on this issue if, indeed, the combined freight and extra costs have the adverse impacts that people are saying they may at this point.

As to the taxi industry: I know that I have seen quite a few of the articles around Australia about that. I am yet to be convinced that there will be a significant increase in taxi fares as a result of this. I am pleased to see that wherever I go now the taxi fleets are starting to employ a lot more hybrid vehicles and recognising the value of getting highly efficient cars into the taxi fleet. That is one of the advantages, of course, of having more hybrids in Australia: they are getting into the second-hand and taxi markets.

We have also received representations from manufacturers and LPG system installers, and we have listened to their concerns. But we also note that these changes to—

Sitting suspended from 18:30 to 19:30

Senator MILNE: Before the dinner break I was pointing out that the Greens
support this legislation, recognising that the LPG, LNG and CNG industries are right to be concerned that we do not have a systematic fuel excise system in Australia that recognises the energy content of fuel and charges in an appropriate and systematic manner. That is something I will be working for in this period of government. I have been campaigning for that, together with higher vehicle fuel efficiency standards, for a long time and will continue to do so.

The bills also deal with biofuels, and this is a particularly complex and vexed issue. When biofuels were first talked about there was huge excitement about the possibility of replacing the oil based industry with a biofuel industry to drive and meet the transport task. It caused massive distortion in the market, and when the Europeans brought in a law that required 10 per cent of all fuels to come from biofuel it created a disaster around the world. The European insistence on this 10 per cent figure resulted in massive conversion of tropical forests, particularly in Indonesia. But we are also seeing massive conversion of tropical forests around the world as a result of this.

We have also seen massive displacement of food production by biofuel production, with a significant impact on food prices, which in turn has impacted on the poor around the world. You have only to look at what happened in Brazil, with a massive changeover to biofuels, and in the United States, with a big push for energy security. They have a real concern about being so dependent on foreign oil and so they have moved massively to biofuels, which have displaced food production. All this has combined to drive food inflation and appalling problems of food scarcity.

We are facing a climate crisis, a water crisis, a fuel crisis and a fibre crisis all at once. Agricultural land is now subject to competition between those who want the land to grow biofuels, those who want it to grow food and those who want it to grow fibre crops. As we move away from petrochemicals, because we have reached peak oil, there is a recognition that you can grow for biodiesel and you can use agricultural waste for ethanol and the like, which is happening in some places, but the real problem we have is the question of sustainability. I have argued endlessly that, where you have a conflict for agricultural land, you will get perverse outcomes if you put incentives in the system for one use of agricultural land versus the rest.

That is exactly what has occurred with biofuels, which is why the Greens have taken a policy position that we should be supporting only second- and third-generation biofuels and the use of wastes for biofuels, not growing primary crops for the purpose of biofuels. We are told that ethanol produced in New South Wales is produced using food-grade starch. No doubt there will be others who deny that is the case; nevertheless, that is the information that has come to us.

I have spoken to the minister about this issue of sustainability and the use of biofuels into the future. To the minister's credit he has considered the position that I put to him in pointing out the perverse outcomes. This was particularly highlighted in the recent Productivity Commission report looking at the competitiveness of Australian industry and the impacts of a carbon price. It too points out that there is now real concern around the world about subsidies that drive biofuels to the detriment of food production and about a failure to consider, with ethanol and biodiesel production, that you need a full life-cycle analysis of the real carbon cost of growing these fuels. You cannot just test the final product; you have to look at everything from the growing of the crop, through the harvesting and transport, to the processing
and so on. With biofuels you need a full life-cycle analysis to make sure you are getting an accurate reflection of the carbon cycle.

At the G20 leaders' summit in November 2010 they asked the International Monetary Fund, the OECD, the World Bank, the WTO and other international organisations to develop options for G20 consideration on how better to mitigate and manage the risks associated with the price volatility of food and other agricultural commodities, which is largely the result of the disproportionate influence in the market of biofuels and the impact on global food security.

To the minister's credit he has taken on board what I raised with him and has indicated that Australia will be moving to some kind of certification. I note that it is likely to be a voluntary or self-managed regulatory approach. I doubt that works on most occasions; nevertheless, we are recognising that you need sustainability criteria, that you need accreditation and that dealing with biofuels in the absence of other issues around food security gives you perverse outcomes. This is particularly so with the carbon farming initiative as well. That is another reason why I am grateful to the minister for recognising we actually have to move on the sustainability issues of biofuels.

Many years ago when I did the Senate inquiry into alternative fuels to get us off petrochemical fertilisers, there were young people working on all kinds of quite exciting technologies. There are risks and opportunities associated with biofuels, especially second and third generation. I hope that, as we move to a more logical fuel excise system that actually charges for the embodied energy in that fuel, we will start to get some incentives in place to see some of this brilliant innovation by young people come to market.

**Senator POLLEY** (Tasmania—Deputy Government Whip in the Senate) (19:38): I seek leave to incorporate Senator Nash's speech on this legislation.

Leave granted.

**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate) (19:38): The incorporated speech read as follows—

Mr President, the government has introduced four bills to the senate regarding changes to the taxation arrangements of LPG, LNG and CNG. They also clarify how biofuels — ethanol, biodiesel and methanol are treated regarding the tax arrangements.

While I don't support the changes to apply a tax to LPG, CNG and LNG, I am very supportive of the legislation as it relates to ethanol and biodiesel.

Mr President, I have been a strong supporter of biofuels, in particular ethanol, for over a decade. Indeed, in a preselection speech I gave in 2001, I said:

"One issue that I believe we should seriously look at is the use of ethanol as an alternative fuel. The creation of an ethanol industry would be an enormous boost for regional Australia, and would create thousands of jobs in those areas. It has environmental benefits, and has the potential to underpin commodity prices."

In my maiden speech in this place in 2005 I said:

"As a champion of the bush I will always seek to find ways to improve the viability of our rural communities. One such way is the development of a sustainable domestic biofuels industry. For many years I have been, and I will continue to be, a passionate advocate for a domestic ethanol industry. There is no doubt that the development of an ethanol industry would create jobs and opportunities in our regions. I will do all I can to support industries that will deliver real benefits to rural and regional Australia. An ethanol industry..."
would provide significant environmental and health benefits and would reduce our reliance on fossil fuel. It would give grain and sugar farmers another market, and it would develop business opportunities in our regions.

The government currently has in place a policy target of 350 million litres of biofuel production by 2010. The effect of vehicle emissions, particularly in our cities, cannot be ignored. Given that the introduction of ethanol into our fuel mix would lower vehicle emission pollutants, it stands to reason that it is simply commonsense that, for the improved health of Australians, we as legislators support the development of an ethanol industry in this nation. Indeed, the AMA recently put forward their view to the Prime Minister's Biofuels Taskforce that they strongly support the use of ethanol in our fuel mix as part of the solution to improving the health outcomes of Australians.

Many countries around the world pursue the use of ethanol—indeed, they not only use it but actively embrace it. In the United States alone, last year 13 billion litres of ethanol was used. The list of countries using ethanol is ever growing, including the US, Brazil, Thailand, the Philippines, India, China, Japan, Colombia and the EU. Governments in all of those nations have recognised the importance of this industry. Australia is lagging behind, and it is not good enough."

The government's measure to extend the domestic production subsidy for 10 years is a very welcome one. The industry needs the extension of the subsidy to ensure a sustainable industry in the future.

It was hoped that the industry would be delivering a much greater volume into the market by this time. Indeed, in 2001 the Coalition had a policy objective of 350 million litres of ethanol and biodiesel contributing to the total fuel supply by 2010.

However, we are nowhere near that level as yet. That is in large part due to the fact that in the early 2000's a huge scare campaign was run against the use of ethanol, by the Labor Party. How ironic that they have finally seen the light! That scare campaign put the industry back years, and I have to congratulate the ethanol industry for having the strength to continue on a path that they could see would have significant benefits for the nation, in the face of such adversity.

Many people recognised the benefits of a domestic ethanol industry in the early days, including the Hon Ian Armstrong AM OBE, who was a strong advocate of the industry. Indeed, his input was significant, and I remember him convening a Bio-technology Conference in Cootamundra as early as July 2003 on alternative fuels.

The extension of the domestic production subsidy on ethanol is welcome, and in spite of the fact the government appears to have done a total backflip with regard to this industry over the last 10 years, this is a measure that will provide certainty and a sustainable future for the biofuels industry.

However, the introduction of excise on LPG, LNG and CNG shows a complete lack of foresight by this Government, and a complete lack of understanding of the impact this will have on people and families already struggling with the rising cost of living.

LPG is going to have a new tax, rising to 12.5% over the next 5 years.

It's a decision taken by this government that simply doesn't make sense.

This fuels is environmentally friendly, and why on earth would the government make it more expensive, and less attractive, for people to use? The fact that there are incentives that have been put in place to increase the use of LPG as a transport fuel - indeed, as at April 2011 283,512 grants had been paid - the fact that this Labor government would then place a tax on LPG to make it more expensive to use is simply beyond comprehension.

This again shows Labor's complete inability to recognise the very real difficulties that people are facing with the rising cost of living. This Labor government, through these measures, is going to make that worse.

They have also hit public transport, a sector we should be encouraging to grow, not punishing. 90 million taxi customers will be paying more, fuel prices will increase for the taxi industry. There are 900 buses running on CNG - how can this
measure not lead to an increase in the price of bus tickets.

These measures are a tax grab. This Labor government is a government that is addicted to taxing.

Mr President, while I certainly do not agree with the changes that have been made to LPG, CNG and LNG, I wholeheartedly approve of the 10 year extension to the current taxation arrangements for the biofuels industry, and look forward to seeing a strong and sustainable biofuels industry in the future.

Senator FIELDING (Victoria—Leader and Whip of the Family First Party) (19:38): Today we are debating a package of four bills that deal with content based taxation to certain alternative fuels: the Taxation of Alternative Fuels Legislation Amendment Bill 2011, the Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011, the Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011 and the Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011. The bills seek to extend the grant given to biodiesel, renewable diesel and ethanol, which is 38.143c per litre. This grant is due to expire on 30 June 2011—that's right, next week. At the same time, the bills phase in a fuel excise on LPG, LNG and CNG from 1 December 2011, with stated increases through to 2015.

Recently I visited a biodiesel plant in my home state of Victoria to see firsthand how the industry operates. I heard how important this grant is to the industry and how, without it, the whole biodiesel industry could be wiped out. That is not something that I want to see, especially given that the biodiesel industry is on the verge of finding even more efficiencies through its independent research. Alternative fuels such as biodiesel, renewable diesel and ethanol are worthy of support, and I am critically aware that to delay passage of this legislation would seriously jeopardise these industries. The grant is due to expire, as I said, on 30 June 2011, so there is urgency to pass this package of bills.

The decision by the government to introduce an excise on LPG is certainly not something I would advocate as it would impact on motorists who have converted their cars to LPG and the taxi industry. Successive governments from both sides have encouraged families to convert their vehicles to LPG while at the same time indicating they would impose an excise. Unfortunately, families are not aware that this has been a move by both sides of parliament. Nevertheless, it is important not to ignore the other components of this package of bills. Given that it is critical that the alternative fuels grant continue beyond 30 June 2011, I have no choice but to support the package of bills.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (19:40): I would like to thank all the senators who participated in this debate. The bills debated this evening will bring liquefied petroleum gas, liquefied natural gas and compressed natural gas used for transport purposes into Australia's fuel taxation regime so that excise duty or excise equivalent customs duty will apply.

The tax rates for these fuels are based on the energy content of the fuels. However, the tax rates are discounted by 50 per cent in recognition of the potential environmental, regional development and fuel security benefits of their use. This policy was announced by the previous Liberal government. Yes, the previous Liberal government—Mr Costello, our then Treasurer—announced this one. It has been in the public domain since 2003, when it was put into the forward estimates by the former Liberal-
National Party government. Importantly, the changes are phased in over a transition period of five years to allow affected parties time to adjust to the changes.

The bills provide certainty concerning the taxation arrangements for alternative fuels. They deliver investment certainty to allow industry to finally make decisions in the knowledge that the final legislation is in place. They also ensure that the overtaxation of the biofuels that would result from 1 July 2011 under the legislation put in place by the Howard government does not occur.

I will briefly outline the key elements of each bill in this legislative package. The Taxation of Alternative Fuels Legislation Amendment Bill 2011 deals with the taxation of LPG, CNG and LNG when used for transport purposes. It establishes simplified reporting and excise licensing requirements for industry to make the transition to the excise system as smoothly as possible.

The Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011 amends the Excise Tariff Act 1921 to set the excise rates applying to alternative fuels from 1 December 2011 and to calculate the duty payable on blended goods. The Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011 amends the Customs Tariff Act 1995 to set the excise equivalent customs duty rates applying to alternative fuels from 1 December 2011. The Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011 extends the operation of the existing provisions of the Energy Grants (Cleaner Fuels) Scheme Act 2004.

The key objectives of this policy are the same as they were in 2003, when the Howard government put it in the forward estimates—that is, certainty for industry, greater consistency in the taxation of fuels used for transport purposes and phasing in the new fuel tax arrangements while providing support to the alternative fuels industry in recognition of the potential environmental, fuel security and regional development benefits that these industries can generate. As industry has pointed out, LPG has the potential to deliver up to 13 per cent less emissions than regular unleaded petrol. These bills, however, deliver a full 50 per cent tax discount in recognition of the potential environmental and other benefits that LPG and other gaseous fuels can deliver.

While the government has not made any final decisions about the treatment of fuel in the carbon price arrangements, a principle of carbon pricing is to apply a price that reflects the emissions of different activities. The government is committed to addressing the relative emissions generated by fuels as part of its consideration of arrangements for fuel under the carbon price. The bills also represent a move towards a more sustainable taxation system. As market share forecasts provided by industry show, the share of alternative fuels in the transport fuels mix is expected to continue to grow, even with the new tax arrangements. To continue to exempt these fuels from fuel taxation does not provide for a sustainable fuel tax system. This was acknowledged by the former Howard government by the former Treasurer, Mr Peter Costello, and by Mr John Anderson, a former leader of the National Party. It is also acknowledged internationally.

Australia has not gone it alone in proposing to tax LPG autogas. Most countries in the OECD already apply fuel tax to LPG autogas. Even with the new tax arrangements, Australian LPG autogas prices will be amongst the lowest in the OECD. The bills reflect the results of widespread consultation and negotiation with crossbench members and industry. Reflecting these discussions, the bills also extend current
taxation and grant arrangements for 10 years for ethanol, biodiesel, renewable diesel and methanol. After 30 June 2021, the taxation and grants settings of these fuels will be reviewed.

These arrangements deliver long-term policy certainty for biofuels and will encourage a growing and sustainable Australian biofuels industry into the future. On this point I would like to acknowledge the contribution of the Australian Greens, particularly Senator Milne. I can say that the government will work with the Biofuels Association of Australia to introduce self-regulatory sustainability criteria. This will ensure that the production of biofuels in Australia will have no direct impact on food supply or food prices.

In addition, government will work actively along with the Biofuels Association of Australia and with the International Standards Organisation to develop internationally agreed sustainability criteria that can be applied to industry. This action will ensure that support for biofuels does not compromise sustainable production practices but will provide greater impetus for initiatives such as second generation biofuels.

In the course of the debate on these bills, a number of issues have been raised that require further comment. The opposition have claimed that these bills will be the death knell of the LPG industry and the taxi industry. However, it needs to be placed on the record that LPG will continue to exhibit a significant price advantage over regular unleaded petrol going forward.

The effect on taxi fares of including LPG in the excise system depends on decisions made by state and territory regulators. If the excise is passed on in full, the 2.5c per litre excise that applies from 1 December 2011 could add approximately 3.5c to the average metro taxi trip fare. Even when fully phased in, the final excise of 12.5c per litre from 1 July 2015 would mean approximately 19c for the average metro taxi trip fare, if passed on in full.

It should also be recognised that the cost of LPG, including the excise that will apply, can be claimed as an income tax deduction by taxi operators and other business operators. This reduces the impact of the new excise arrangements for LPG.

More generally, LPG is cheaper and more cost-effective than petrol, with an average saving of around 37 per cent, or $7.44, per 100 kilometres driven. On 1 December 2011, when excise is introduced, LPG will still have savings of around 35 per cent, or $6.94, per 100 kilometres. In July 2015, when fully phased in at 12.5c per litre, LPG will still retain an average 25 per cent cost advantage over unleaded petrol.

Notwithstanding this, the government acknowledges that state and territory regulators across Australia are grappling with other issues impacting upon the taxi industry, particularly in terms of driver safety. The government has received representations from Senator Xenophon about driver safety in his state. We will further explore these issues with Senator Xenophon, including whether the Commonwealth can play a role.

The government has received representations from several members of parliament and senators on behalf of the LPG excise in Tasmania, given claims by the LPG industry about the developing nature of the industry in that state, my home state. The government will closely monitor any impact of the excise arrangements on the LPG industry in Tasmania and will consider any measures that would be required should such claims prove correct.
The government has also received representations from producers of CNG and LNG on the impact of excise on these fuels. The government will consider the impact of these excise arrangements on CNG and LNG once the excise arrangements have applied for 12 months in order to ensure there are no unintended consequences from its implementation. This is in addition to the formal review that will occur after 1 July 2015, once the tax has been fully implemented, which will consider the impact of the tax on LPG, CNG and LNG and its interaction with the carbon price and market demand for these fuels.

The bills provide for greater consistency in the taxation of fuels but acknowledge that uniformity in taxation would not be appropriate and a balance must be struck between policy goals. The bills recognise that it is appropriate that there be some contribution from gaseous fuel users towards the maintenance and construction of our road system. It is not sustainable that users of petrol and diesel are the only contributors through the fuel tax system to the cost of the road system.

However, the bills also recognise that alternative fuels are potentially more environmentally attractive, have regional development benefits and improve Australia's fuel security. These bills get the balance right for Australia and I commend them to the Senate.

Debate adjourned.

Ordered that the resumption of the debate be made an order of the day for a later hour.

BUSINESS

Rearrangement

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (19:51): I move:

That intervening business be postponed till after consideration of government business order of the day no. 6 (Governance of Australian Government Superannuation Schemes Bill 2011 and two related bills).

Question agreed to.

BILLS

Governance of Australian Government Superannuation Schemes Bill 2011

ComSuper Bill 2011

Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011

Second Reading

Debate resumed on the motion:

That these bills be now read a second time.

Senator FEENEY (Victoria—Parliamentary Secretary for Defence) (19:52): I am pleased to have this opportunity to speak on these bills: the Governance of Australian Government Superannuation Schemes Bill 2011, the ComSuper Bill 2011 and the Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011. These bills will reform governance arrangements for Commonwealth government superannuation schemes in line with trends in the broader superannuation industry. They will also serve to modernise some aspects of these arrangements. The purpose of these bills is to improve the superannuation arrangements for the men and women currently serving in the Australian defence forces.

Since I assumed my current responsibilities I have had the opportunity of meeting many of these fine Australians and I have acquired a better understanding of the
uniquely difficult tasks with which we task them. We have an obligation to see that their service and their sacrifices are appropriately recognised, and one way to do that is to ensure that the superannuation arrangements we put in place for our service personnel are the very best possible. This legislation demonstrates the Gillard government's commitment to improving the superannuation arrangements for our service men and women under the Military Superannuation and Benefit Scheme.

These bills will increase the superannuation returns for the majority of our serving members. In fact, they will increase the take-home superannuation of over 90 per cent of our current serving personnel as well as future members of the ADF. Let me give an example. An increase of 0.5 per cent in the net investment return for a member of the RAAF who joins as an officer cadet and retires as a group captain would lead to an increase in superannuation benefits of some $41,000 over 10 years of service or $95,000 over a full career.

Recently in the Senate we have seen a series of shameless stunts by the opposition in relation to the retirement income of our Defence personnel. Senator Ronaldson has brought in a private member's bill which seeks to change the method of indexing Defence pensions for certain categories of Defence retirees. In the course of so doing, he has been highly critical of the government for not supporting his bill. Of course, what Senator Ronaldson has not explained to the Senate—nor, I might say, to anyone else—is why the Howard government, of which he was a member, did absolutely nothing about this issue for the whole 11 years it was in office. He has not told the Senate that the Minister for Veterans' Affairs in the Howard government, the Hon. Mr Billson, commissioned a report on this very matter. Nor has he told us that this report, the Podger report, recommended against the course of action which the opposition is now putting forward and that Mr Billson accepted that report. He has not explained why he went to the 2007 election supporting a policy which was the very opposite of the one he now purports to support. I am still waiting for the opposition to explain their extraordinary inconsistency on this issue. In government, they accepted Mr Podger's finding that changes to the indexation system for Defence pensions could not be justified. Now, in the safety of opposition, they have discovered that all of this is a monstrous injustice for which the Labor government is obviously to blame.

Senator Ronaldson and his colleagues have some explaining to do. I am, of course, astonished to find that they are opposed to the simple and straightforward improvements to our Defence superannuation arrangements that are contained in these bills tonight. Last week it seemed vitally important to them to change the system for indexing Defence pensions, because our military retirees were suffering erosion of their standards of living, but, this week, when the government brings in legislation that would bring about an increase in superannuation benefits to the average ADF member of perhaps $41,000 over 10 years or $95,000 over a full career, they are opposed to it. This is quite astonishing and I think it is a real insult to the intelligence of the men and women of the ADF and the wider Defence community. How can Senator Ronaldson and others in the opposition possibly imagine that the antics of last week and their position tonight will not be matched against one another?

What grounds are the opposition using to oppose these bills tonight? Apparently it is because these bills provide that the ACTU will nominate three members of the board of the Commonwealth Superannuation Cor-
poration. What a shocking idea that is! The vigilance of the opposition is truly extraordinary! The notion that the peak body representing Australian employees, an organisation with more experience of administering superannuation than anyone else in the country—indeed, it lays claim to inventing modern superannuation—should have a voice on the governing body of the main Australian government civilian and military superannuation schemes. Well, how remarkable!

So now we know what the real priorities of this opposition actually are. We know that pursuing their obsessive and irrational vendetta against the Australian trade union movement is far more important to them than the welfare and standard of living of our retired public servants and Defence personnel. What a marvellous juxtaposition this is with their outlandish rhetoric of only last week.

The Liberal Party is, after all, the party that brought us Work Choices and would, of course, bring us 'Son of Work Choices' if they ever got back into power. They are opposed to anything which brings benefits to employees. But I am sure that current serving members of the ADF will note that the opposition is trying to deny them the very real benefits of this legislation on the basis of what can be described as nothing more than an ideological vendetta.

Let us now return to the bills which we are debating. The Governance of Australian Government Superannuation Schemes Bill 2011 implements the government's decision to establish a consolidated trustee for the main Australian government civilian and military superannuation schemes. The consolidated trustee body is to be known as the Commonwealth Superannuation Corporation. The CSC will be a Commonwealth authority for the purposes of the Commonwealth Authorities and Companies Act 1997. The bill requires the governing board of CSC to have regard to the unique nature of military service as provided for in the schemes established by the relevant military superannuation acts when it is performing functions under those acts.

The bill will also provide for the CSC to be governed by a board, in line with the common model in the broader superannuation industry. The board will comprise 11 directors—a chair, five member directors and five employer directors. The ACTU and the Chief of the Defence Force will nominate three and two member directors respectively. This representation is consistent with the size of funds in the scheme—$19 billion in the civilian scheme and some $4 billion in the military scheme. The Minister for Finance and Deregulation, after appropriate consultation, will choose the five employer directors. The minister will consult with the Minister for Defence in selecting suitable candidates for these positions. By merging the existing civilian and military superannuation trustee boards into the CSC, this bill will improve the economies of scale to generate potentially higher investment returns and lower investment administration costs and combine all of the funds under the management of a single trustee board. These changes will be of significant benefit to military scheme members because of the smaller size of the military superannuation benefits fund—as I said, some $4 billion—as compared to the civilian schemes—as I said, some $19 billion. Without this consolidation, members of the MSBS, who comprise over 90 per cent of current serving ADF personnel as well as all future serving personnel, will be disadvantaged as superannuation industry funds continue to consolidate. This would reduce the MSB fund's ability to obtain good investment value and, of course, good value with respect to fees.
The ComSuper Bill 2011 implements the government's decision to modernise and clarify the governance of administration arrangements for the above schemes. It does this by establishing ComSuper as a statutory agency under the Public Service Act 1999 and replacing the Commissioner for Superannuation with a chief executive officer.

The Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011 amends a range of Commonwealth legislation to take account of the new trustee arrangements and the changes to governance of administrative arrangements. It also includes transitional arrangements to facilitate these important changes. The reforms will also, through consolidating funds under management and reducing administration costs, improve the superannuation returns to members, particularly defence superannuants.

After these bills were announced, the government became aware of some concerns held by ex-service organisations about some of their provisions. As a result, the government has introduced amendments to address these concerns. The following changes were made: first, amendments were made to recognise the unique nature of military service. A new objects clause and an amended functions clause were included to require the trustee to have regard to the unique nature of military service when performing a function under the military superannuation legislation. Second, the bill was amended to provide that at least one board member appointed by the Chief of the Defence Force must be present when the board is considering a matter related solely to the military schemes. Third, the establishment of the Defence Force Case Assessment Panel has now been made mandatory, with the legislation prescribing its membership. Previously the legislation gave CSC discretion to establish this panel to review decisions which are the current responsibility of the DFRDB Authority. I notice you are nodding, Madam Acting Deputy President Moore. You are obviously very familiar with these questions. Fourth, an amendment was included to provide for consultation between the finance minister and the defence minister in relation to the five employer directors of the board. This is in addition to the Chief of the Defence Force being responsible for nominating two member directors of the board.

Let me conclude by saying that the government is doing the right thing by its current serving Defence Force men and women as well as those who will serve into the future by providing the superannuation benefits for the majority of those in uniform. We have consulted with military and ex-service organisations and made several amendments in response to their concerns to further recognise the uniqueness of military service and to make changes to the operations of the trustee board when they consider military matters. This is positive legislation that will provide further support for our men and women in uniform. It is a great pity, though hardly a surprise, that this opposition, who do nothing but oppose for opposition's sake and who engage in the most irresponsible and hypocritical kind of stunting on the issue of Defence pensions, should be opposed to this worthwhile and uncontroversial legislation. They are doing so solely because of their consuming hatred of the trade union movement. They should stop. They should reconsider their attitudes and place the interests of our ADF personnel ahead of their own lonely ideological fixations. I commend the bill to the House.

Senator CORMANN (Western Australia) (20:04): The coalition does not support these bills. The reason we do not support these bills is that this government is completely
obsessed with ensuring that its friends in the union movement get overall control, on this occasion over military superannuation and military pension arrangements. Why would it be, when only 41 per cent of public servants are members of a union, according to ABS data, that 100 per cent of employee representatives on the board created under this legislation will be ACTU nominated representatives?

Forty-one per cent of public sector employees are members of unions; 59 per cent are not. The majority of public sector employees choose not to be part of a union. Yet 100 per cent of employee representatives on the board to be created under this legislation—a board which also has responsibility for military pensions and military superannuation arrangements—will be ACTU representatives. Not only that, but also the ACTU president is the only one who can nominate employee representatives of the board. The Minister for Finance and Deregulation, who has responsibility for ComSuper, is not able to dismiss any of them without getting the agreement of the President of the ACTU. Why is that appropriate? I do not think that any reasonable person in Australia would think that that is appropriate.

This is yet another example of the Labor Party looking after the vested interests of the people who put them here. Every single senator representing the Labor Party in this chamber and every single member of the Labor Party in the House of Representatives has to be a member of the union, courtesy of the constitution of the Labor Party. That is why the unions have a stranglehold over the sorts of decisions that are made by this government on issues like this. It would be much more appropriate for employee representatives on the board created under this legislation to be much more representative of the diversity of employee interests, including the 59 per cent of employees who choose not to be a member of a union. But, no, they have got to use their time in the sun, their time in government, to make sure they lock in as many benefits as possible for the vested interests of the union movement. This is about lining the pockets of the union movement, yet again, at the expense of the public interest.

During Senate estimates we asked questions about the current Aria board. This is the board that looks after all of the public sector superannuation arrangements. There are seven people on the board. Three are guaranteed positions to be dominated by the ACTU. But guess what? It just happens that four out of the seven representatives on the Aria board are representatives of the unions, so the unions have got the numbers on the Aria board. Why is that? Because, other than the ACTU nominated positions, the government has made it its business to make sure that it puts another union representative on the board. You can laugh, Senator Feeney; I know that that is a matter of great amusement for you.

**The ACTING DEPUTY PRESIDENT (Senator Moore):** Senator, through the chair.

**Senator CORMANN:** Through you, Madam Acting Deputy President: Senator Feeney may well laugh; he may well find this amusing. He might not think that it is appropriate to have superannuation trustees on those boards who are focused on the best interests of members of the funds, irrespective of whether or not they choose to be members of unions. He might not think that it is important for the 59 per cent of public servants who choose not to be members of unions to have a voice on these bodies. He might find that very amusing, to the point where he dismisses as an ideological hatred for unions any concern
that the coalition expresses. Through you, Madam Acting Deputy President, I say to Senator Feeney: I do not have any hatred for unions whatsoever. The coalition does not have hatred for unions. But we think it is entirely inappropriate to have legislation setting up a corporate governance structure for super funds which entrenches a completely unrepresentative model where 41 per cent of employees who choose to be members of a union happen to get 100 per cent of the employee representative positions on the board.

These are serious matters. In the broader superannuation industry, this government has been very reluctant about and in fact has opposed many of the recommendations arising out of the Cooper review to improve corporate governance arrangements in the superannuation industry. Why? Because the union movement does not like it. The union movement does not like recommendations that improve transparency, corporate governance and integrity—things like superannuation trustees should declare foreseeable conflicts of interest to APRA if they want to sit on multiple boards; things like the requirement to have independent directors on superannuation boards. This government has a pattern when it comes to superannuation: whether it is in the Public Service or in the private sector it is guided by one thing, and that is to protect and to pursue and to be an agent for the vested interests of the union movement. This legislation is a very sad example of this.

The minister talks about—I am sorry, Madam Acting Deputy President, I have promoted Senator Feeney—

Senator Feeney: Good instincts!

Senator CORMANN: The parliamentary secretary talks about the significant benefits of scale. We actually explored that with APRA, the regulator, during Senate estimates. APRA said that there is absolutely no evidence of the so-called benefits of scale—in particular, if you put the ACTU in such a dominant position over the funds not only of public servants but also of our defence personnel.

We have raised these concerns with the government and they of course are pressing ahead with this current model. The reason we have expressed those concerns to the government is that those concerns have been expressed to us very strongly, in particular by representatives of the defence community. We understand that the government cannot afford to do the wrong thing by the ACTU because the ACTU have a hold over them. The ACTU would not allow them to press ahead with changes that in any way undermined their stranglehold over the Commonwealth superannuation arrangements into the future. The reality is that the government should come up with a governance model which is more representative of the diversity of public sector employees' backgrounds and perspectives.

These bills establish ComSuper as a statutory agency consisting of a CEO and staff. The bills merge the existing trustees for the Commonwealth civilian and military superannuation schemes into a single trustee body, the Commonwealth Superannuation Corporation. The function of ComSuper is to provide administrative services to the Commonwealth Superannuation Corporation, with the CEO of ComSuper appointed by the Minister for Finance and Deregulation in consultation with the Minister for Defence.

The Commonwealth Superannuation Corporation will be trustee for all of the existing Commonwealth superannuation funds, including the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, the Public Sector
Superannuation Accumulation Plan, the Military Superannuation and Benefits Scheme, the Defence Force Retirement and Death Benefits Scheme and the Defence Force Retirement and Benefits Scheme. The Commonwealth Superannuation Corporation Board will consist of 11 members appointed by the Minister for Finance and Deregulation, with five employer directors chosen in consultation between the finance and defence ministers, three members nominated by the President of the ACTU, only two members nominated by the Chief of the Defence Force and one independent chair.

The reason that the coalition continues not to support these bills is because, as I have mentioned, the ACTU has completely disproportionate representation on the board and is the exclusive representative of public sector employees on that board. The current legislation still contains provisions which make it unacceptable to the defence and veteran communities. Although the bill now contains a reference to the unique nature of military service, the bill's other inclusions, particularly with regard to the disproportionate ACTU representation, mean that military members' interests are not properly represented or safeguarded. The bill still gives excessive power to the ACTU with regard to appointments of board members, termination of board members and quorum arrangements for board meetings.

I will just go through some of these issues in detail. With regard to ACTU representation on the board, why should the ACTU, as I have mentioned before, have 100 per cent of the employee representative positions on the board when only 41 per cent of public sector employees are in fact members of unions? This gives a completely inappropriate and privileged benefit to the union movement ahead of proper representation for the 59 per cent of public sector employees who choose not to be members of a union.

Defence superannuants should retain their representation of directors on the board due to the unique nature of military service and the defence community's special circumstances. Why should the ACTU have more employee representatives on this board than the defence community? Currently the ACTU is able to nominate more directors than the Chief of the Defence Force. The defence and veteran communities believe that military representation on the board under this legislation should be at least equal to that of the ACTU or, alternatively, that the military should continue to have its own independent board. Why is it that the minister cannot dismiss an ACTU-nominated director? The legislation currently provides that the minister for finance cannot remove an ACTU-nominated director unless the president of the ACTU agrees. This is even in the case of misbehaviour, physical or mental incapacity or if the director is absent from multiple meetings of the board. That is an extraordinary position. It is an extraordinarily privileged position to be given to the ACTU and it is simply courtesy of the fact that the ACTU calls the shots with this government. Between the ACTU and the Greens, all of the decisions are made in the back room.

We know that Senator Cameron enjoys the positions adopted by the Greens much more than the positions adopted by his own Prime Minister. We know that because he said so. We know that Senator Cameron is very concerned about the fact that he is not allowed to speak his mind anymore inside the Labor caucus. We know that because he said so. Senator Cameron has told us about the problems with Labor senators 'getting a lobotomy' and 'becoming like zombies', not able to speak their minds. I am sure that he is going to be even more passionate in his
defence of the union representation on this Commonwealth superannuation board, irrespective of the fact that they are not actually representative even of a majority of public sector employees.

The thing I really do not understand is that ACTU members, under this legislation and under the corporate governance arrangements set up by this Labor government, can prevent a quorum being reached. For some reason, the quorum under this legislation is said to be nine members. Nine members are needed at a board meeting for decisions to be made. That means that the three ACTU-nominated directors on their own can prevent a meeting from validly being held. Combined with the provisions preventing the minister from dismissing an ACTU-nominated director, this legislation gives the ACTU extraordinary powers and a completely inappropriate level of corporate governance control over Commonwealth superannuation funds.

I would say to Senator Feeney, through you, Madam Acting Deputy President, that this is not about an ideological hatred of unions. For example, in Victoria a couple of weeks ago, we had the circumstance of a mooted merger between Vision Super and Equipsuper. That merger was falling over. Why was it falling over? Because the union-nominated directors on one of the funds were concerned about the proposal for direct election of the board in the merged entity and they were concerned that there was no guarantee of nominated directors on the board of the new entity.

Superannuation fund trustees are supposed to act in the members' best interests. They have a fiduciary duty to act in the members' best interests. Yet the union representatives on that board, in making a decision to not support a merger going ahead on the basis of a lack of assurance there would be a continuation of union-nominated directors, were not acting in the best interests of their members; they were acting in direct and obvious self-interest, in the interests of the union movement. They were protecting their positions. So what is being done about this?

There is absolutely no guarantee under the arrangements being put in place that the interests of 59 per cent of public sector employees who are not members of a union will be properly looked after. The ACTU representatives on that board will have a vested interest in making the best possible arrangements for union members in public sector employment. This concept that somehow it is appropriate for 41 per cent of public sector employees to get 100 per cent of the employee representative positions on the board to be created under this legislation is extraordinary. There is no proper or rational explanation as to how that is in the public interest. The only explanation that we can reasonably come up with is that this government is captive to the directions of the union movement. They have told you that that is what they want. They are insisting on it. They say: 'Yeah, go ahead with this merger. Give us more power. Give us power over more of the Commonwealth superannuation arrangements. Make sure that we can get on top of the military super so that we can get our hands into that. But don't dare weaken or dilute the influence that we have over the public sector superannuation arrangements, even though we represent less than half the superannuants that are being covered under this scheme.' I am talking about 41 per cent of current public sector employees. How many retired members would still be members of a union?

This is a government that is completely conflicted when it comes to putting forward recommendations around the corporate governance arrangements for Commonwealth super. This government should be
embarrassed at the complete inappropriateness of this legislation they have put forward. But, the way things have been going over the last 12 months or so, it seems that this government does not get embarrassed about anything anymore. They are just pressing ahead to lock in as many advantages for the vested interests they represent in this chamber and in this parliament as they possibly can in the time that they have remaining in government. They want to make sure that as many vested interests as possible are locked in to legislation before the Australian people can formalise their loss of trust and confidence in this government—the serious betrayal that this government has imposed on them on things like the broken promise not to impose a carbon tax on them.

This legislation should not be supported by the Senate. I worry that, given the changed dynamics in the Senate that are around the corner, and given that the government now will have the majority and control of the Senate with the support of their alliance partners the Greens, I do not have much confidence that bad legislation like this will get proper scrutiny in the Senate as it would have done in the past. Sadly, the place for appropriate scrutiny of government legislation will no longer be the Senate; it will be the House of Representatives, because the government—not having a majority—will be able to make proposals, but ultimately it will come down to whether they are able to convince crossbench members of parliament to help them get legislation through the House of Representatives. In the Senate, I suspect the Greens will on various issues jump up and down and express concerns but in the end vote with the government no matter what. That is the way things will go in the Senate moving forward.

This is bad legislation. It is bad policy. It is completely self-interested—it is driven by a desire to institutionalise the vested interests of the Labor Party, acting as agents for the union movement. This legislation aims to entrench a corporate governance structure which gives 41 percent of public sector employees 100 percent of the employee representative positions on the board it will create. It will merge all the Commonwealth superannuation arrangements, including the military superannuation arrangements, into one organisation.

Of course, Labor senators get very touchy over all this. First we had Senator Feeney laughing and smiling, and now we have Senator Feeney and Senator Sherry talking loudly between themselves. They do not take this issue seriously. They probably feel embarrassed about the fact that they are putting legislation forward which is in the interests not of the public but of the ACTU and the broader union movement. They are probably embarrassed that they are here acting as the agents of the union movement, putting forward legislation that will entrench a seriously conflicted corporate governance structure, including military superannuation arrangements—a move which is, of course, entirely inappropriate—into the future. That is why we will move an amendment to seek to improve this very bad legislation; but we do not believe it will be passed. (Time expired)

Debate adjourned.

Taxation of Alternative Fuels Legislation Amendment Bill 2011
Excise Tariff Amendment (Taxation of Alternative Fuels) Bill 2011
Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011
Energy Grants (Cleaner Fuels)
Scheme Amendment Bill 2011
Second Reading
Debate resumed on the motion:
That these bills be now read a second time.
Question agreed to.
Bills read a second time.

In Committee
Bills—by leave—taken together and as a whole.

Senator BRANDIS (Queensland—Deputy Leader of the Opposition in the Senate) (20:25): I move:
(1) Clause 2, page 1 (line 9) to page 2 (line 6), omit subclauses (1) and (2), substitute:

This Act commences, or is taken to have commenced, on 30 June 2011.

This is a very simple amendment. The opposition does not support any of the bills in this suite of legislation other than the Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011. Clause 2 of that bill—that is, the one among the bills that we do support—provides that the bill not commence if the other bills be voted down. In the event that the Senate voted down the other bills, the amendments which I now move would be necessary to ensure that the Energy Grants (Cleaner Fuels) Scheme Amendment Bill 2011 could commence. In other words, what we are seeking to do is to break the nexus in this suite of legislation between the last of the bills, which we support, and the other bills, which we oppose.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (20:26): I understand what Senator Brandis is trying to do—that is, of course, to effectively renounce the policy that the Liberal-National Party announced all those years ago. I am sure Senator Xenophon knows that. This is Liberal Party policy which was put into the forward estimates. They supported it until very recently, but the purpose of the opposition amendments is to split the four bills in the alternative fuels package and to address only the unintended outcomes that the opposition put into their own law to overtax biofuels from 1 July 2011.

You had many years to fix this problem, Senator Brandis, when you were in government, and what you are doing now is incredibly opportunistic. This amendment would impact the budget bottom line by approximately $500 million. This is despite the fact that the opposition know that the policy informing these bills is good—in fact, it was coalition policy from 2003. The government does not support the amendment.

Senator XENOPHON (South Australia) (20:28): I will make a short contribution. This is not the second reading stage, but, because of other commitments, I could not set out my position on these bills. I will do so shortly, but I will deal with Senator Brandis’s amendments now. I see these measures as a package; I do not think it is appropriate to split the bills in the form suggested. I note that there is unanimity on the issue of ethanol, but I think it is important that these bills be seen as complementing each other—or, rather, that they be seen as associated with each other—and splitting the bills is not appropriate.

That is my position on this, but I will have something more to say about the bills later. I have been in negotiations with the government, and, hopefully, I will be in a position to talk about those shortly. With the indulgence of the chamber, I could set out my position on the bills more broadly—I am in your hands on that.
Senator Sherry: You might not get an opportunity.

Senator XENOPHON: I may not get an opportunity later. I see the measures in these bills as being interrelated; I do not think it is appropriate to split them. I think it is crucial that this legislation is passed to ensure that ethanol producers continue to have access to the grant and that they have the ability to offset the excise duty so that this emerging industry can succeed. In relation to the rest of the bills in this package, the alternative fuels legislation amendment has a particularly interesting history. In this regard, I can say that I support the coalition's view in relation to this bill as espoused by Senator Minchin. I think that Senator Minchin took a responsible approach in relation to this. I think that Senator Minchin, if the reported comments are true in terms of his views in relation to the measures contained in this bill in relation to LPG then Senator Minchin should be commended for what I believe is a principled and consistent stand.

This measure was announced by the Howard government as far back as 2003-04, and at the time then Treasurer the Hon. Peter Costello said:

The reforms will establish a fairer and more transparent fuel excise system with improved competitive neutrality between fuels. They will provide the opportunity for currently untaxed fuels to establish their commercial credentials in the market place.

However the 2003-04 budget measure was never enacted, and today the opposition opposes the introduction of an excise against LPG, LNG and CNG fuels in these bills. I note the comments that Senator Minchin has reported in the media and, again, if that is the case—and I believe it may well be—I commend him for that principled stand.

It is true that LPG is a cleaner fuel than petrol. It is 13 percent cleaner than petrol, as I understand it, and the proposed excise by the government acknowledges that in applying an excise significantly below the 38 cent excise applied to petrol and diesel.

The taxi industry has also spoken out against the excise, saying it will affect their industry and that the increased cost will be passed on to consumers. Estimates by the government are that it will add 19 cents to the average metro fare if the excise is passed on in full on 1 July 2015. Estimates from the taxi industry are that it will add about 50 cents to $1 on a $20 fare. So this excise will add some cost to the nation's 66,000 drivers and its passengers. However, I believe the cost is broadly reasonable and the additional excise cost will be tax deductible. But I do acknowledge the concerns of the taxi industry and, as a regular user of taxis both in my home town and when travelling interstate, it is an industry that I have always had a great deal of sympathy for.

I speak to a lot of drivers, and the one issue that I hear about above all others is security and safety. We have all seen in recent years some of the horrendous incidents involving taxi drivers either within their taxis—poor security and lighting at taxi ranks in terms of their overall security has been less than adequate. I have been in discussions with the government in relation to this and I am grateful for the time and, I think, the robust discussions I have had with Minister Shorten in relation to this but I note that the minister may confirm that the government has agreed to commit a sum of $5 million over four years for the promotion, security and safety for the taxi industry. I think this will go a long way to assist the industry in an area that is of core concern to them. I think it is a reasonable sum that will go some significant way to assisting taxi drivers and their personal safety. I think it is appropriate that that sum be in effect appropriated from this excise. I would like to think that, if the measures that are being...
implemented are seen to be effective and more needs to be spent, then the funds will be found for that.

I think the $5 million over four years would be a very good start for the industry nationally and I look forward to the government confirming that. I think that is a fair way forward in relation to this bill and I believe that the overall equity of this and also the fact that this was Howard government policy a number of years ago are compelling policy reasons for this to be passed. I am comfortable with this bill with the funds, the provisions, set aside for those key issues to promote the taxi industry, the safety and security of drivers. These are key issues that many, many taxi drivers have told me are their main concerns.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (20:34): There have been discussions between Senator Xenophon and Senator Shorten. I did refer to talks in my earlier contribution—you were not here, Senator Xenophon—but I can confirm that.

Bills agreed to.

Bills reported without amendments; report adopted.

Third Reading

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (20:35): I move:

That these bills be now read a third time.

Question agreed to.

Bills read a third time.
small amendments conceded by the government. The amendments conceded by the government included requiring consultation with the Minister for Defence on employer board appointments and requiring that at least one Chief of the Defence Force, or CDF, nominated director be present where a reduced quorum is acceptable and when issues to be discussed relate only to military superannuation.

Although these amendments improved the bills, the bills still contain a lot of bad policy and, in my view, remain unsupportable. This is because the bills still contain provisions which make them unacceptable to the defence and veteran communities and still give excessive power to the ACTU with respect to appointments of CSC directors, termination of CSC directors and quorum arrangements for board meetings.

The government asserts that these bills have been introduced to reform the superannuation industry by consolidating 650,000 members and pensioners under a single trustee board and establish a greater pool of assets for investment purposes. When first introduced early last year, the then Minister for Finance and Deregulation, Lindsay Tanner, stated:

The introduction of these changes reflects the ongoing work within the Government to review and where necessary, reform its own business operations, internal governance and structures just like anybody else.

However, when the consequent reform involves decisions that distort the operation of the board that will govern the newly amalgamated funds, effectively handing the ACTU excessive power to make appointments and excessive voting rights at meetings, the question must be asked: what is the purpose of the changes?

Certainly, it is hard to see a lot of demonstrable benefit in these bills and this question was also asked by the witnesses to the inquiry. The RSL submitted:

... assertions about prospective improvements resulting from the proposed merger are not substantiated;

Further:

A review of the four sources of information about the proposed merger of the superannuation boards made available to the RSL has failed to find any factually based reason why the merger must take place.

And again:

There were lots of reassuring words ... but no hard facts backing up the need for change.

In its submission, the Defence Force Welfare Association stated:

Noting that the Government chose not to consult with DFWA or other Ex-Service Organisations on this issue, DFWA can find no evidence of any benefit, tangible or intangible, to serving or former members of the ADF. Nor can DFWA identify any material or financial benefit to the wider Australian community.

I tend to agree that the government has failed to clear two hurdles regarding the demonstrable benefit these bills will deliver. They are, firstly: it has specifically failed to demonstrate the value of the amalgamation proposal to military and veteran superannuants and beneficiaries; and, secondly, it has generally failed to demonstrate the need for this amalgamation to the wider community, many of whom share the concerns raised by the veterans groups.

I, along with other coalition senators, share the concerns of affected groups and remain to be convinced of the benefit of amalgamating the management boards of military and other forms of Commonwealth superannuation. As already mentioned, coalition senators and I do not consider that the interests of serving and former ADF members are well served by the proposed board composition of the Commonwealth...
Superannuation Corporation and the way its quorum provisions play out.

These concerns revolve primarily around the relative reduction in the proportion of military and ex-military interests. This concern was echoed in evidence given to the committee by the Returned and Services League, and I quote Rear Admiral Doolan:

Prima facie, if you are increasing the number of board members and you are decreasing the percentage of military representatives on the board, then the military voice must be more muted.

Similarly, at the hearing into the bills, the national president of the DFWA stated:

… the representation on that board will not give adequate voice to the military superannuants, whether they are contributing members or recipient members.

This flaw in the bills is exacerbated by the proposal for the Australian Council of Trade Unions to have the power to appoint three members of the new board, as opposed to only two coming from the military community. Indeed, coalition senators do not support the provisions relating to the role of the ACTU in this bill and will move amendments in that regard.

It is my view that the bills should contain no special provision for ACTU representation on the board. Rather, board members should be appointed by the minister for finance, other than the two representatives who should come from a defence background to reflect the unique nature of military service and the defence community’s special circumstances. Even to the extent that the ACTU is provided special board representation, concerns are held about the fact that it can appoint three CSC board members, whilst the CDF is only able to appoint two. If the ACTU is to be given special representation, it should be no more than that given to the defence and veteran community—or, preferably, the military should continue to have its own independent board.

Inexplicably, under these bills, once a director has been appointed by the ACTU, that person can only be dismissed or removed by the ACTU. Even in the case of misbehaviour, physical or mental incapacity, or where the director in question is a habitual no-show to meetings, the minister cannot remove such an ACTU appointed director unless the president of the ACTU agrees. Contrast this with the ability of the minister to remove the five proposed employer directors for any of those reasons and it is clear that such a provision is unacceptable as it gives the president of the ACTU more power over the relevant directors than the responsible minister.

Another concern is the possibility of the ACTU members preventing a quorum, despite some amendments designed to lessen this risk. However, it remains that a quorum is required of nine board members for a quorate meeting of the CSC board—given that there are only 11 members in total, the refusal of all three ACTU members to attend would render any such meeting inquorate. This is simply not good enough and could lead to effective paralysis of decision making in the CSC where decisions are likely to be made where a majority supports them but not the ACTU members. Effectively, it allows the ACTU members to take their bat and ball and go home.

The coalition will be moving a number of amendments to improve these bills, but, even if passed, they will still propose changes that we do not consider to be good policy on balance. As such, these bills should not be supported.

Senator CAMERON (New South Wales) (20:44): I am really trying to find some merit in the arguments put forward by the coalition. All I can hear is an attack on trade
union involvement in superannuation. That is the bottom line and that is what is being argued. Both Senator Cormann and Senator Bushby have spent most of their time arguing against ACTU involvement in the merged fund. We know why they are doing that. It is because they are anti-union. They do not want workers to have the rights to act collectively or bargain collectively, and that has been the history of the coalition.

For Senator Cormann to stand up and cast aspersions on good, hardworking union officials in this country who are on the boards of superannuation funds is an absolute disgrace. It is typical of the smear campaigns that the coalition simply revel in. They do not worry about policy; they do not want to worry about the rights of workers and the interests of workers; they simply want to smear, and they have spent most of their time tonight smearing trade union officials who serve their members' interests on the boards of superannuation funds. Why are they doing that? They are doing it because industry super funds are demonstrated as the best, most effective and best-returning funds for working people in the country. That is why they are doing this.

The superannuation funds provide excellent returns. They consistently outperform other funds in this country and they do that because they are innovative; they do that because they will get trustees who stand up and work for the members. It is not about profitability, it is not about creaming off the profits of the funds into the pockets of well-paid executives. It is about making sure that profits go back to the members, and that is why the coalition have spent their time here maligning honest Australians out there working hard on superannuation funds for their members.

Senator Bushby said he was not sure about the benefits. I was actually on the committee that dealt with this. I think it was very succinctly—

Senator Bushby interjecting—

Senator CAMERON: You were as well, Senator Bushby. Well, again your input was totally unmemorable. That was another unmemorable contribution from Senator Bushby in the committee structure. Not only do the national press not know who he is; he is totally unmemorable when it comes to Senate committees. I am glad you reminded me that you were there. That is right—you were. I have the transcript here and I see your name. I do not see much else, but I do see your name, Senator Bushby.

Dr Helgeby from the Department of Finance and Deregulation was there. Both the Department of Finance and Deregulation and the Department of Defence came and made submissions to this inquiry. I suppose, if what is being put by Senator Bushby and Senator Cormann is the position, we have two senior public servants acting against the interests of Commonwealth public servants and Defence Force personnel. It is an absolute nonsense. To continue to push that approach on the basis of their hatred for the trade union movement does not do them much credit. They do not deserve any credit in this debate at all.

Dr Helgeby said, in the joint submission from the Department of Finance and Deregulation and the Department of Defence, that their submission demonstrates the importance of structural reform for the long-term delivery of superannuation for military personnel and Commonwealth employees. They were talking about long-term structural reform—something that the coalition know very little about. In 11½ years in government, their structural reform was nil. They left this country ill-equipped to face the challenges of a modern-world economy. Dr Helgeby went on to say:
The submission highlights the challenges of maintaining separate trustee boards and provides evidence of the significant potential benefits that would flow to members under a merged trustee and with improved scheme administration.

So what the two departments are saying is that the benefits you get from a merged trustee board include significant benefits for the membership. That is what they are saying. It is not the ACTU saying this; this is two senior public servants putting their position unequivocally and clearly to the Finance and Public Administration Legislation Committee. They said there would be significant potential benefits flowing to members under a merged trustee and an improved scheme administration. What they have pointed out is that the scheme needs improved administration.

For 11½ years the Howard government, in their usual incompetent and lazy manner, did not do anything about this. They were not concerned to try and improve public administration of superannuation. They lazily sat back and hoped the money would keep flooding in from the mining boom so they could say that they were good economic managers, and we all know it was nothing but a front and a farce. They never were good economic managers. Tonight is a demonstration of why they were bad economic managers. Tonight is a demonstration of why they were bad economic managers, because for 11½ years they had an opportunity to merge those funds, to bring improvements to those funds and to make those funds operate more effectively for members of the Defence Force and members of the Public Service. And what did they do? They did nothing. They did not even look at this issue.

Dr Helgeby went on to say that he would talk about the benefits, but there were lots of misunderstandings about how the reforms and proposed legislation would operate. It was last year that this committee took place, and what is quite clear is that neither Senator Cormann nor Senator Bushby have any better idea about the benefits that this will bring to both the Public Service and the Defence Force than they did when Senator Bushby was on the committee. I do concede that he was on the committee, even though he did not make much of an input into the committee. But he was there.

According to Dr Helgeby, the reforms do not change members benefits or death and disability benefits. The bills will deal with structure and governance of superannuation, not with the design of the individual schemes. He went on to say that the reforms would improve efficiency in trustee operations and allow the benefits of these improvements to be passed on to members in the form of reduced costs and, potentially, higher investment returns. Reduced costs and higher investment returns are mostly gained through the benefits of scale, particularly consolidation of funds under management.

The department says that there is clear industry evidence in Australia and overseas that the scale advantage enjoyed by larger funds is substantial. Our joint submission—that is, the submission from the Department of Finance and Deregulation and the Department of Defence—says that this is the appropriate way to go. This is the thing to do to benefit the members of both the Defence Force and the Commonwealth Public Service.

But let us understand that the coalition does not care about the Public Service in this country. They would try to treat the Public Service here as public enemy No. 1, not as public servants. They went to the last election—remember this when they stand up here with their doleful tears about the Commonwealth Public Service—saying they would get rid of 12,000 public servants’ jobs. That was their contribution to public service efficiency: slash and burn the Public Service.
Senator Bushby, do not come here going on about your concern for economic efficiency, because you have no credibility in economic efficiency. For 11½ years you did nothing. Do not come here trying to pretend that you are concerned about the Public Service or that you are concerned about the Defence Force, because you have no concern about them. For 11½ years you allowed smaller returns to those public servants and the Defence Force because you did not have the vision or the intellectual capacity or the guts to actually take on a hard issue and deal with it. That is the problem with you lot over there: you are all talk and no action. All you want to do is be negative. You are negative in everything you do. Here we have a joint submission from the Department of Defence and the Public Service saying that this will benefit workers. It will mean benefits in terms of scale, benefits in terms of lower costs and benefits in terms of better returns. And all you can do is come here and criticise the ACTU.

The ACTU and a Labor government actually made sure that workers in this country achieved decent superannuation. That was done in the teeth of opposition from the coalition to provide workers in this country decent superannuation. Many workers back in the early eighties did not have superannuation; you had to be a white-collar worker to get superannuation. Let us not forget that. The first superannuation I got personally was when I became a state public servant in the electricity commission. That was the first time I ever got superannuation. Like many other workers in the electricity commission, when I left the electricity commission to take up a job helping workers as a trade union official I ended up losing tens of thousands of dollars of my superannuation because there was no vesting of superannuation to workers. All you got was your own contributions and the employer kept the contributions that they made for you plus the interest that those contributions made. And that was under a federal coalition government.

It took the Australian Labor Party to say, 'We want to provide superannuation to workers in this country,' and that is what we did. I am proud to say that as a union official I went out and fought against the opposition of the coalition and against the opposition of employers to get industry superannuation into this country. I am proud to say that I was on the board of the Superannuation Trust of Australia as a trustee. I was a trustee of Australian super, one of the most successful funds in this country. I challenge either Senator Bushby or Senator Cormann to step outside the chamber and say publicly what they are saying in here about me as a superannuation trustee in my time as a superannuation trustee or about any other trade union superannuation trustee. Have a little bit of backbone, Senator Bushby and Senator Cormann; get out there and claim that the trustees who are looking after workers' money in this country are ripping the system off and that they are only trying to get their hands on people's money. That is what is underlying this argument.

It is an argument by the extremists in the coalition, who have got absolute control of the coalition. You are an extremist on industrial relations. You are an extremist on superannuation. You are an absolute disgrace. I hope workers see the Hansard of what has been said here tonight. They will soon realise that, when the Leader of the Opposition is out there trying to pretend that he is a friend of workers, the coalition is about ripping away workers' entitlements, ripping away workers' rights to have a say on their own superannuation and ripping away the rights of workers to have representatives in superannuation trusts who understand
their needs and understand them. It is quite clear.

Senator Bushby: What about the Defence Force?

Senator Cameron: Senator Bushby, you hardly mentioned the Defence Force. You came here tonight not about the Defence Force but to mount an attack on the ACTU and ACTU trustees and super funds. That is what you did. We know you are part of the group of extremist young guns in the coalition. We know you are part of that group. You will not stand up for Tasmania against Senator Cormann when it comes to horizontal fiscal equalisation. You will not stand up to them on that issue; you succumb to them. You put Tasmania's rights in the background. You will let Senator Cormann bully you, you will let Senator Cormann intimidate you, you will let Senator Cormann stand over you and you will not stand up for Tasmania. I have seen you in action, Senator Bushby. You are absolutely pathetic. You do not stand up for Tasmania; you let the extremists in the Western Australian branch of the Liberal Party walk all over you.

There is one of the Western Australians, Senator Adams, coming in now to make sure that you cannot say anything about the Western Australian Liberal Party. Senator Cormann does not have the backbone or the courage. If he thought he was going to get the backbone or the courage, in would come the Western Australian senators to make sure that he could not open his mouth. Senator Bushby, you are absolutely pathetic.

I am absolutely proud that I was part of the process that brought superannuation to workers in this country. As a trade union official and organiser I was out there doing it while you were probably out arguing against superannuation for workers. In 1983, 39 per cent of the Australian workforce had superannuation. What were the coalition saying about the rest of the workers, who did not have superannuation? They were saying absolutely nothing. When the trade union movement decided that we would go out and make sure that workers got a fair go in this country, what did the coalition do? They were egging the employees on to stand up against the union movement getting super. So when you come here and bleat and moan about an amalgamation and a strong superannuation fund, you are acting in a purely hypocritical manner.

Senator Cormann has come in. You are now surrounded, Senator Bushby. We have Western Australians to the left of you and Western Australians to the front of you.

The Acting Deputy President (Senator Kroger): Order! Senator Cameron, please direct your comments through the chair.

Senator Cameron: Madam Acting Deputy President, Senator Bushby is now surrounded by Western Australians. He will not stand up for Tasmania. If he was daring to stand up for Tasmania, Senator Cormann has moved in to make sure that he cannot stand up for Tasmania. Senator Cormann is here as a minder. He is here making sure that Senator Bushby cannot stand up for Tasmania.

Hearing the attacks on the ACTU tonight we know what they are about. They are about the extremists in the Liberal Party. They are about trying to curry favour with the businesses that would try to destroy the trade union movement. We know what the trade union movement will get, we know what workers will get, if ever the coalition ever comes back. It will be more Work Choices, less superannuation and a bad deal when you go on the job. So do not come crying crocodile tears about superannuation here. The coalition is an absolute disgrace.
Senator PRATT (Western Australia) (21:04): I am very proud of Australia's record on superannuation—Labor's record, the labour movement's record and the Gillard government's record—but it is not something we can sit still on. We must make sure Australia has a well run superannuation system so that Australians have sustainable retirement incomes today and into the future.

While we have a good system, it does require some further change, some further tweaking, lest members miss out on the benefits they should be getting because government has not been paying close enough attention to how the system can be improved and better operate. Labor is paying attention but the coalition is not.

In these bills before us we are paying particular attention to improving the governance of the superannuation arrangements of those who serve our nation as public servants or defence personnel. It is but one part of a much bigger platform on which the Labor government's agenda on superannuation rests. Tonight it is about improving and modernising the governance arrangements for the main Commonwealth civilian and military superannuation schemes.

The bills before us give effect to the government's announcement, back in 2008, that it would merge the trustees for the Commonwealth's main civilian and military superannuation schemes—that is, the Australian Reward Investment Alliance, the Military Superannuation and Benefits Board of Trustees and the Defence Force Retirement and Death Benefits Authority to form a single trustee body. There are important reasons for doing this. The government merged these civilian and military trustees with the aim of improving member benefits and service levels. The bills before us bring together a number of civilian and military superannuation schemes coming under a single trustee. I will not read the very long list to you, because I know that has been done before, but I think it is of significance to note that the bill does not impact on the design of the schemes or on members' entitlements, which are protected by separate scheme legislation that cannot be changed by this new trustee. Changes to these entitlements would require legislative action—and rightly so, because it is very important that this legislation and this parliament recognise the unique nature of military service in the Australian Defence Force. We should not contemplate changes to these entitlements without the consent of parliament and recognition of the sacrifices made by the men and women who serve in our defence forces. In other words, parliament should not separate itself from the sacrifices made by our defence personnel and from contemplating the needs of their dependants should they be killed or disabled as a result of their service to our nation. Because of this, there is no change to the existing features and benefits that reflect the unique nature of military service in the Australian Defence Force, such as death and disability arrangements. It is important that there is no change to these arrangements.

Recognition of the unique nature of military service includes a requirement for CSC to have regard to these important issues as set out in the relevant military superannuation legislation. Tonight I would like to acknowledge the ex-service community for their dedication to representing and advocating for the interests of their members on these important issues.

It is important to place in the hands of a single trustee the capacity to consolidate scheme funds, providing the opportunity to access increased benefits of scale. By doing this we should see access to improved service levels and, importantly, improved investment opportunities. It should also...
allow members of all the schemes to benefit, through lower investment costs and higher investment returns. This is the stuff that Australian superannuation is all about—good, long-term financial investments for members, the leveraging of scale, and good investment decisions and risk management. I am pleased that the Members of the Military Superannuation and Benefits Scheme will be set to gain substantial benefits from this consolidation of schemes.

The Defence superannuation scheme has just over $3 billion in assets, whereas the civilian superannuation scheme has some $18 billion under management. We can see from past industry experience in superannuation that members of smaller superannuation schemes are able to look forward to gains when their scheme funds are consolidated into a larger pool. Consolidation gives smaller schemes much more investment leverage. That is the opportunity that the legislation before us tonight presents. Members of this consolidated scheme will also ultimately benefit from a highly skilled and innovative trustee being responsible for the scheme. It is also important to note that public sector super will increase its presence in the superannuation industry by becoming a larger and less divided fund. It will be able to operate more strategically in the interests of its members and attract quality and experienced staff and board members.

The senators opposite choose to challenge the quality of those board members, with which I disagree. The union movement has underpinned good industry superannuation funds in this nation for many years. The board will have 11 members, and both military and civilian interests will be represented. In this sense the board is very similar to many other industry superannuation boards, which include representatives from the industries in which its members work. The Chief of the Defence Force will be responsible for nominating two member directors, three member directors will be nominated by the President of the ACTU, and there will be consultation between finance and defence ministers on suitable candidates for the five employer director positions.

So it is clear—and we have had many examples of this from speakers opposite—that the key reason the coalition is so opposed to this legislation is union involvement in the board. The simple fact is that unions and the labour movement have been key drivers of the creation of a superannuation system that serves all Australians, not just a privileged few. Superannuation used to be for a privileged few. But now, thanks to Labor's ongoing commitment to good superannuation, millions of Australians can enjoy a much higher standard of living and a far more secure future. Key to delivering this outcome has been the involvement of unions advocating for their members and combining financial savvy with knowledge of their members' needs.

We have had an ideological attack from senators opposite on this legislation, based on the fact that not all workers are members of unions. This is completely beside the point, as unions have brought good corporate governance to superannuation, and they have done this successfully because they are there to serve their members, just as a good superannuation fund should do. So there will be representatives on the superannuation fund serving the whole of the membership. They do not have a narrow membership base. They will be on the board to represent all members of the fund. They will not be driven by their own financial reward but by reward for members. Industry superannuation funds have served their members very well and will continue to do so. I
believe we will see a good example of that in the fund proposed by the legislation before us tonight.

It is very important that the government do the right thing by our public servants and its serving defence force men and women. Tonight we have an opportunity to improve superannuation benefits for the majority of people in uniform in our country. However, in contrast, the opposition in this parliament are opposing a set of bills that would increase the take-home superannuation of over 90 per cent of our serving members. It is a crying shame.

By 2050, one in four Australians will be over 65. We know that longer term challenges such as the ageing of our population, as well as recent events of the global financial crisis, underscore the need for Australians to have access to quality superannuation schemes and a secure financial retirement beyond pensions. Tonight, we have an opportunity to make a small contribution to the good governance of such superannuation programs and I commend the bills to the Senate.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (21:15): I am pleased to close this important second reading debate on the package of legislation to improve and modernise the governance arrangements for the main Commonwealth civilian and military super schemes. I want to briefly go over the main purpose and features of the legislation. None of the bills change the design of the civilian and military super schemes or member entitlements. Each civilian and military superannuation scheme will remain separate and continue to have its own benefits and entitlements as set out in its enabling legislation. For example, the military schemes will maintain their own legislative base and existing features and benefits that reflect the unique nature of service in the Defence Force such as death and disability arrangements.

The Governance of Australian Government Superannuation Schemes Bill 2011, the governance bill, seeks to improve the level of member benefit service levels and governance of the main civilian and military superannuation schemes by establishing the Commonwealth Superannuation Corporation as the single trustee for these schemes. CSC will be formed from a merger of the existing trustees for these schemes. The consolidation will enable CSC to pool all the civilian and military funds under its management to access increased benefits of investment scale. Industry experience suggests that the members of the Military Superannuation and Benefits Scheme have the most to gain from such pooling due to the small size of its fund relative to the civilian funds. For example, it is estimated that a half a per cent increase in the net investment return for a member of the RAAF who joins as an officer cadet and rises through the ranks to group captain at retirement would lead to an increase in the superannuation benefit of $95,000 over a full career or $41,000 over 10 years of service. There would be benefits, but of a smaller order, to members of the Commonwealth’s main civilian superannuation schemes.

The governance bill incorporates a number of suggestions from ex-service organisations that are aimed at protecting the unique nature of military service. This includes a requirement for CSC to have regard to the unique nature of military service, as set out in the relevant military superannuation legislation, when it is performing a function under that legislation. CSC will have a governing board that includes representation of both civilian and military interests. However, each director of
the CSC board, regardless of whether they have been nominated by the Minister for Finance and Deregulation, the Chief of the Defence Force or the president of the Australian Council of Trade Unions, will have an overriding obligation to act in the best interests of all scheme members. In order to further protect the interests of members of military schemes, at least one director nominated by the CDF is required to be present when the governing board is considering a matter related solely to these schemes.

The ComSuper Bill 2011 makes complementary reforms to the governance structure of ComSuper that are aimed at improving superannuation administration for the benefit of current and former members. In particular, the ComSuper Bill establishes ComSuper as a statutory agency for the purposes of the Public Service Act 1999, consisting of a chief executive officer and staff. ComSuper will be a prescribed agency for the purposes of the Financial Management and Accountability Act 1997.

The Superannuation Legislation (Consequential Amendments and Transitional Provisions) Bill 2011, the consequential bill, supports the reforms in the governance bill and the ComSuper bill by making consequential amendments to a range of other Commonwealth acts and puts in place required transitional arrangements. An important consequential amendment has been made to the Defence Force Retirement and Death Benefits Act 1973 to strengthen recognition of the unique nature of military service by mandating the establishment of a Defence Force case assessment panel. The panel will have military representation, including representation nominated by the chiefs of each of the three services. The chair of the panel will be one of the directors of the CSC who was nominated by the CDF. The consequential bill also amends the Superannuation Act 2005 to facilitate public sector employees being able to consolidate their savings under the management of one trustee.

Overall, the package of bills reflects the government’s ongoing commitment to provide efficient and sustainable superannuation arrangements for Commonwealth employees and military personnel, and to protect these features of military superannuation that recognise that military service is unique and different from civilian employment.

The critique in this debate is reflected in the amendments but the focus in the debate has been on the nomination of the trustees. A longstanding rule was established when we passed the Superannuation Industry (Supervision) Act 1993. I was actually in the parliament when we passed the legislation. In fact, I was a member and chair of the Senate Select Committee on Superannuation which dealt with the legislation and I was involved in some of the design features. Section 10 of the SI(S) Act, on page 17, has a very important principle—that is, equal employee and employer representation. Employee and employer trustees are nominated by the respective organisations. This is true of industry superannuation funds. Some are fond of criticising these as union funds, which they are not; they are industry funds. They are multi-employer funds with equal trustee representation, usually nominated by employer and employee or trade union organisations, with a two-thirds voting rule. It is also true of corporate superannuation funds. It is true of all APRA regulated funds and the SI(S) Act applies to them all in this regard. It is a very important principle.

The opposition are arguing that the Minister for Finance and Deregulation should appoint the considerable majority of
trustees. That is what the opposition are arguing and they are wrong. It is wrong in principle and it is contrary to the spirit of the SI(S) Act. It is contrary to the equal representation rule that we have in this country, which, despite some of the criticism from those opposite, has worked overwhelmingly in the best interests of members. The equal representation rule and the two-thirds voting rule are absolutely critical. Without further comment, I urge the Senate to pass the legislation without amendment. Question put:

That this bill be now read a second time.

The Senate divided. [21:26]

(The PRESIDENT: Senator Hogg)

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

AYES

Arbib, MV
Bilyk, CL
Bishop, TM
Brown, CL (teller)
Brown, RJ
Cameron, DN
Collins, JMA
Crossin, P
Farrell, D
Faulkner, J
Feeney, D
Fielding, S
Forshaw, MG
Furner, ML
Hanson-Young, SC
Hogg, JJ
Hurley, A
Hutcheson, S
Ludlam, S
Lundy, KA
Marshall, GM
McEwen, A
McLucas, J
Milne, C
Moore, CM
Polley, H
Pratt, LC
Sherry, NJ
Siewert, R
Stephens, U
Sterle, G
Wortley, D
Xenophon, N

NOES

Abetz, E
Back, CJ
Bernardi, C
Boswell, RLD
Brandis, GH
Cash, MC
Cormann, M
Ferguson, AB
Fifield, MP

Humphries, G
Kroger, H
Mason, B
Parry, S
Ronaldson, M
Seullion, NG
Williams, JR

Joyce, B
Macdonald, ID
McGauran, JJ
Payne, MA
Ryan, SM
Troeth, JM

Carr, KJ
Conroy, SM
Evans, C
Ludwig, JW
O’Brien, K
Wong, P

Johnston, D
Nash, F
Trood, R
Coonan, H
Heffernan, W
Minchin, NH

Carr, KJ
Conroy, SM
Evans, C
Ludwig, JW
O’Brien, K
Wong, P

In Committee

GOVERNANCE OF AUSTRALIAN GOVERNMENT SUPERANNUATION SCHEMES BILL 2011

Bill—by leave—taken as a whole.

The TEMPORARY CHAIRMAN (Senator Kroger): The question is that the bill stand as printed.

Senator CORMANN (Western Australia) (21:31): The coalition will be moving a series of amendments to make this bad piece of legislation a little bit less bad, because what this legislation is about is empire building and further entrenching the dominance of the union movement as the exclusive employee representative on Commonwealth superannuation boards. We have had speeches here from Senator Cameron and my colleague from Western Australia, Senator Pratt, and their speeches, I am sure, will be sent to their preselectors in the days ahead. I can see Senator Cameron nodding.

The circumstance is this: not a single member on that side of the chamber should be allowed to vote on this legislation,
because they are all conflicted. They should all be absenting themselves from speaking and voting on this legislation because they all have a conflict of interest. Every single one of those members on that side is a member of the union movement. Every single member on that side of the parliament is doing the bidding of the union movement. This is not about the best interests of workers across Australia. This is not about the best interests of public sector employees and their superannuation. This is not about the best interests of retired public servants. This is about enshrining the vested interests of the union movement in a corporate governance structure of Commonwealth superannuation.

Senator Cameron: Here comes Work Choices.

Senator Pratt interjecting—

Senator CORMANN: And of course here we have Senator Cameron, on cue, and Senator Pratt, on cue, doing as they are told, acting as the agents of the union movement. Madam Chair, you tell me why it is appropriate, when only 41 per cent of public sector employees are members of a union, that unions should have 100 per cent of the employee representatives positions on the board to be created under this legislation.

Senator Cameron interjecting—

Senator CORMANN: And they are jumping up and down, and yelling and screaming, because of course they feel exposed. They know that they are conflicted. They know that what they are doing is not right. They know it is inappropriate. Why should the 59 per cent of employees who choose not to be a member of a union not have representation on the board to be created under this legislation? Furthermore, why should the ACTU have this sort of control over military superannuation arrangements, as is to be enshrined by this legislation?

This legislation is completely inappropriate. It is not driven by the public interest; it is driven by the Labor Party's consideration of the vested interests of the union movement. Surely if the government was acting in the public interest and in the best interests of public sector employees at least one of the three employee representative positions on this board would be filled by somebody who was not nominated by the ACTU. You tell me one good reason, Madam Chair, why the 59 per cent of public sector employees who are not members of unions should not have some representation on the board that is looking after their superannuation. The union movement thinks that the superannuation arrangements are their plaything.

We had Senator Sherry out here saying what a great contribution the unions have made to superannuation in Australia. You know what? I would just refer the minister to what is happening with the MTAA. I refer the minister to the things that are happening in the failed merger between—

Senator Sherry: It's actually an employer fund, the MTAA.

Senator CORMANN: You talk about the great contribution of unions and industry super funds, and you of course know, Minister—through you, Madam Chair—that union representatives on that fund went to Fair Work Australia to demand that Fair Work Australia identify that fund as a default superannuation fund without declaring the conflict, without declaring that they were actually trustees on that fund. This is the sort of stuff that we are dealing with in superannuation across Australia today.

And we are talking about a significant amount of people's money. We are talking about $1.3 trillion across the superannuation industry—money that belongs to Australian families. So the corporate governance
arrangements are very important. The corporate governance arrangements, whether they are in relation to Commonwealth super, industry super funds or retail funds, are very important. The Cooper review, which this minister commissioned, made a whole series of recommendations to improve corporate governance arrangements. And this government has rejected every single recommendation that could in any way weaken the stranglehold of the union movement on superannuation corporate governance arrangements across Australia.

So it is completely inappropriate—the way the government is seeking to enshrine the dominance of the ACTU when it comes to employee representation on the board to be created under this legislation by giving the ACTU 100 per cent of the ACTU nominated positions. The minister is saying that we are against unions having any involvement in the superannuation industry. That is not true. Of course the unions should have involvement in the corporate governance arrangements of the superannuation arrangements. But why should the union movement have 100 per cent of employee representative positions on the board to be created under this legislation when they represent only 41 per cent of public sector employees? Why should the 59 per cent of public sector employees who choose not to be members of a union not have some representation on that board, even if they had just one?

Senator Feeney interjecting—

Senator CORMANN: I know that Senator Feeney wants to get in on the act because he wants to make sure he can send a few notes to his preselectors to say, 'I did the right thing: I stood up for your interests in the parliament.' As I say, every single member on that side of the parliament should absent themselves from the vote on this legislation because every single member on that side of the parliament is conflicted when it comes to this issue. They are acting not in the public interest; they are acting in the vested interests of the union movement. They know that if anything happened to the ACTU representation on this board they would pay for it with their job at their next preselection. That is what this is all about.

Senator Feeney interjecting—

Senator Cameron interjecting—

Senator CORMANN: They are yelling and screaming, and I can see that Senator Feeney is sitting right next to Senator Cameron so they can get this thing going. No amount of yelling and screaming across the chamber is going to hide the fact that this is completely inappropriate. You are not acting in the public interest. You are acting in the best interests of the union movement, who you are of course representing in this chamber. With those few words in relation to my first series of amendments, I seek leave to move those amendments together.

Leave granted.

Senator CORMANN: I move amendments (1) to (12) on sheet 7089 together:

(1) Clause 11, page 8 (lines 18 to 23), omit subclause (2), substitute:

Subject to subsection (5), the Chief of the Defence Force may nominate, in writing, 2 of the 10 other directors.

Note: The Minister chooses the remaining 8 other directors.

[remove ACTU nomination of Board members]

(2) Clause 11, page 9 (lines 1 to 3), omit subclause (4).

[remove ACTU nomination of Board members]

(3) Clause 12, page 9 (lines 19 and 20), omit “the President of the Australian Council of Trade Unions or”.
[remove ACTU nomination of Board members]

(4) Clause 16, page 10 (lines 27 and 28), omit “the President of the Australian Council of Trade Unions or”.

[remove ACTU nomination of Board members]

(5) Clause 16, page 11 (line 1), omit “President or Chief, as appropriate”, substitute “Chief”.

[remove ACTU nomination of Board members]

(6) Clause 17, page 11 (line 21), omit “(7),”.

[remove ACTU nomination of Board members]

(7) Clause 17, page 11 (line 28), omit “(7),”.

[remove ACTU nomination of Board members]

(8) Clause 17, page 12 (line 4), omit “(7) to”, substitute “(8) and”.

[remove ACTU nomination of Board members]

(9) Clause 17, page 12 (lines 7 to 10), omit subclause (7).

[remove ACTU nomination of Board members]

(10) Clause 17, page 12 (lines 15 and 16), omit “the President of the Australian Council of Trade Unions or”.

[remove ACTU nomination of Board members]

(11) Clause 18, page 13 (lines 6 to 14), omit subclause (5).

[remove ACTU nomination of Board members]

(12) Clause 38, page 29 (lines 26 and 27), omit “the President of the Australian Council of Trade Unions and”.

[remove ACTU nomination of Board members]

Essentially, the effect of these amendments is to remove ACTU nomination of board members. What we would encourage the government to do is to come back to the parliament not with a proposal for the minister to nominate all of the employee representatives but with a process which would actually ensure that there is representation of the diversity of views across employees, not just of the 41 per cent of employees in the public sector who choose to be members of unions but also of the 59 per cent who choose not to be members of unions.

I flag now that we are also concerned about the fact that the ACTU has more members on this board as employee representatives than the Defence Force. As well, we are very concerned that the quorum under this legislation is set at nine out of 11, and of course with three ACTU members on this board that will mean that the ACTU on their own can prevent a quorum being reached. The minister will say that the ACTU does not play those sorts of games trying to prevent a quorum. Well, we have seen stranger things happen. You tell me why we need a quorum of nine out of 11. Why would it not be possible to have a quorum of eight out of 11, which would just happen to mean that the ACTU on their own could not prevent a quorum being reached for meetings of the board under this legislation? Tell me one good reason why the ACTU should be put in a position where, on their own, they can prevent a quorum being reached.

If we had a requirement in Senate committees that six out of seven members of a committee had to be there in order to reach a quorum, a lot of our meetings would never take place. That might suit the government because that would mean less scrutiny of bad government legislation, but of course that is not the arrangement that is in place here. There should not be a quorum arrangement enshrined in this legislation which requires nine out of 11 directors to be present, which
gives the ACTU the opportunity to prevent a quorum being reached.

I flag now that if these amendments are unsuccessful—I hope they are not; I commend them to the chamber—then I will move some further amendments to ensure that the ACTU on their own cannot prevent a quorum being reached by the board of the Commonwealth Superannuation Corporation.

Senator SHERRY (Tasmania—Minister Assisting on Deregulation and Public Sector Superannuation, Minister for Small Business and Minister Assisting the Minister for Tourism) (21:41): We are dealing with a group of amendments relating to ACTU representation. I have already referred, in my second reading speech, to the SI(S) Act, which establishes the principle of equal representation: employer, employee, union. That is well accepted in respect of all superannuation funds. What Senator Cormann is suggesting is that in this case the employer would nominate five plus another three employee representatives. What he is suggesting is an arrangement that is contrary to that which exists at the present time prior to the two funds being merged. The military are entitled through their association to nominate two employee representatives and the ACTU three.

That is what happens at the present time. Even Senator Minchin, as Minister for Finance, when he closed the defined benefit fund and opened the defined contribution fund and created Aria, as it is known—and we supported those arrangements, by the way—maintained the ACTU nominees position. Senator Minchin is not renowned for his support of the union movement; he is renowned for being frank and realistic about fiscal issues and matters relating to superannuation—and I congratulate him for that. But not even Senator Minchin suggested that there should not be ACTU nominees.

We oppose the amendments. This is typical ongoing abuse of the trade union movement and the equal trustee arrangements that exist and that overwhelmingly have worked well in the governance of our superannuation system. The one example that Senator Cormann could refer to, the Motor Trades Association of Australia, is one of the few funds in this country that is actually an employer fund, in that the employer nominates all the trustees. Senator Cormann could not have picked a worse example. There are a couple of funds in this country that are totally employer nominated, and the MTAA is one of them, Senator Cormann, so you should check your facts. There are also a couple of funds in this country that predate the SIS arrangements of 1993 that I referred to earlier where the unions nominate the trustees. So there are only a couple of each, employer and union, that exist out of the many funds in this country, Senator, and your example was just wrong.

The government do not support these amendments with respect to removing the ACTU. We believe it is appropriate that the ACTU should nominate some of the trustees on the employee side. Question put:

That the amendments (Senator Cormann's) be agreed to.

The committee divided. [21:49]

(The Chairman—Senator Ferguson)

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

AYES

Abetz, E        Adams, J (teller)
Back, CJ        Bernardi, C
Birmingham, SJ  Boswell, RLD
Boyce, SK       Bushby, DC
Cash, MC        Colbeck, R
Cooman, H       Cormann, M
AYES
Ferguson, AB
Fifield, MP
Humphries, G
Joyce, B
Macdonald, ID
McGauran, JJJ
Payne, MA
Ryan, SM
Troeth, JM
Williams, JR

Ferravanti-Wells, C
Fisher, M
Johnston, D
Kroger, H
Mason, B
Parry, S
Ronaldson, M
Scullion, NG
Trood, R

NOES
Arbib, MV
Bishop, TM
Brown, RJ
Collins, JMA
Farrell, D
Feeney, D
Farshow, MG
Hanson-Young, SC
Hurley, A
Ludlam, S
Marshall, GM
McLucas, J
Moore, CM
Pratt, LC
Siewert, R
Sterle, G
Xenophon, N

Bilyk, CL
Brown, CL
Cameron, DN
Crossin, P
Faulkner, J
Fielding, S
Furner, ML
Hogg, JJ
Hutches, S
Lundy, KA
McEwen, A (teller)
Milne, C
Polley, H
Sherry, NJ
Stephens, U
Worley, D

PAIRS
Barnett, G
Brandis, GH
Eggleston, A
Heffernan, W
Minchin, NH
Nash, F

Carr, KJ
O'Brien, K
Evans, C
Ludwig, JW
Wong, P
Conroy, SM

Question negatived.
Progress reported.

ADJOURNMENT

The PRESIDENT: Order! I propose the question:
That the Senate do now adjourn.

Tigers Oxfam Trailwalker Team

Senator FAULKNER (New South Wales) (21:52): In March I spoke in the

Senate about the achievements of the Australian blind cricket team. In that speech I mentioned that Ben Phillips, a totally blind cricketer, would be joining the Tigers Oxfam Trailwalker team to compete in the 100-kilometre 2011 Melbourne Oxfam trail walk. Tonight I inform the Senate of the Tigers' success in completing the 100 kilometres in 37 hours and two minutes and, most importantly, the fantastic work of Ben, who did it all without seeing a single step along the way.

Ben is now totally blind. He was born legally blind and as a child had very limited vision. He went to school and learned to read, but—as the years passed and his glaucoma, aniridia and other eye conditions became worse—his sight diminished. He has been totally blind for around two years now and has only extremely limited light perception.

The Tigers first met Ben while we were training with Nick Gleeson for the 2010 Oxfam trail walk in Melbourne, when Max—a Tigers stalwart—Ben, Nick and I along with another blind walker and two other guides walked a section of the Great North Walk in Sydney. Ben works as a babysitter and is studying child care at university via correspondence—he seems to have a natural talent for getting babies off to sleep! He lives independently in Paddington in Sydney. He plays blind cricket for the Burwood club and is a regular in both the New South Wales and Australian sides.

In the first stage of the Melbourne trail walk the Tigers kept up with the pack, and we met some interesting characters along the way. Ben's bright orange vest with the silver text on the back saying: 'I'm Ben. I'm Blind.' made this congested section much easier to manage as groups overtaking the Tigers would see Ben's vest, say g'day to Ben and wish us well for the 90-plus kilometres to...
come. We eventually made it to checkpoint 1, which had run out of food by the time we got there—disaster!—but with a quick change of socks we were on our way to checkpoint 2 at Lysterfield Lake.

At Lysterfield we met up with our support crew, Anthony Byrne MP and his staff, who as usual gave our team magnificent support. We set off on the wide fire trail with the goal of reaching checkpoint 3 by sundown. As the fire trail wound back into suburbia, the team pushed up some steep hills around Belgrave. We made checkpoint 3, at Ferny Creek, not long after dark.

After a short break we hit the track again. Many parts of this section consist of slippery, single-file track. Light rain began to fall; heavy rain followed. Conditions were very cold and miserable. We were climbing for most the second half of this section, and we reached the highest point of the trail walk in the middle of the worst storm. Ben said this was especially difficult for him because, when the wind and rain whipped around his ears, the hood on his raincoat invariably muffled directions given by sighted team mates. Ben had no choice but to bat on and concentrate very, very hard—which, of course, he did.

We reached Olinda, the highest checkpoint in the walk, and decided to sit out the storm. When the worst of the storm moved on, so did the team. It was cold, and the wet track was difficult, but at least the wind and rain had eased. The Tigers team reached checkpoint 5 at Mount Evelyn around 5 am. After Mount Evelyn the event follows the Warburton Rail Trail, where Ben put his foot down—he raced along the Warburton Rail Trail, which is built on an old railway line and is wide, flat and consistent underfoot. Checkpoint 6 at Woori Yallock was a quick turnaround; although blisters were becoming an issue, the Tigers were determined to push on quickly.

The penultimate stage includes a climb up to and a walk along a disused aqueduct. It was quite odd that the first street sign that we stumbled upon was a huge sign pointing the way to Sussex Street, proving what I have always thought: they have their tentacles everywhere! We reached the final checkpoint, and some serious repair work was required on blisters. Ben sought assistance from the professionals. He had many blisters, including a whopper on his heel, which made even putting his shoes on a difficult task. The physios and podiatrists had shut up shop; but to Ben's credit he just shrugged his shoulders and said, 'Okay—let's go.'

The final stage of Ben's epic began with the most awkward climb of the 100-kilometre trek. This steep, narrow section of the track is very slippery and has steep drop-offs on both the left and right hand sides of the tracks. Ben needed to concentrate hard and switch his focus and line, as the track poses dangers on both sides. The team handled this stage with military precision. We made it to the top of the hill and onto the fire trail in record time and began the run home. On the last couple of hills, where the track is covered in scree, every step felt like a dagger through the soles of our shoes. But, you will be pleased to hear, we made it to the top of the last hill and began the final precarious descent. Partly grass and partly loose rubble but all treacherous, the surface is as unpredictable as a Benji Marshall show-and-go. I have gone base-over-apex on that hill every year we have participated!

In a final sprint to the finish line, Ben proudly waved his Tigers flag—he had done it. He finished the 100 kilometres in 37 hours and two minutes, and that is a great achievement. Let me quote Ben's own words about this. This is what Ben said:
I've been overwhelmed with emotion this afternoon, just crying my guts out with joy. I can't tell you how liberating it is having experienced years of bullying and discrimination for being blind … then to go and conquer something most people will never do, and wear a bright vest that says "I'm Ben. I'm blind. Tigers " and do that for 100 km for all to see. It became something positive, I feel valued and special and I no longer need to hide [being blind].

My thanks as always go to Max, who does so much of the organisation for our trail walkers; to John Paul; and to our fantastic support crew: Alex, Helen, Daniel and Anthony Byrne and his staff; and, as always, I pay special tribute to the Balmain Tigers Rugby League Football Club, who have been so generous in their support for this worthy cause, as have all our other supporters and donors—and so many of them have done so now for a very long period of time. As far as Ben's three other team members are concerned, I just want to say this: as far as we are concerned, our mate Ben is a real hero.

### CEO Sleep-out

#### Penrith Valley Fund Business Sleepers

**Senator PAYNE** (New South Wales) (22:01): It is not very often, as Senator Faulkner would know, that I would stand in the chamber and say, 'Go Tigers' but on this occasion I can certainly acknowledge the value of the walk team for the trail walk that he and his fellow Tigers put together, and I have been known to support it myself in the past. Last Thursday night—

*Senator Faulkner interjecting—*

*Senator PAYNE:* My absolute pleasure.

**The PRESIDENT:** Interjections may normally be disorderly, but I think that people understand the context of that.

*Senator PAYNE:* Thank you very much, Mr President. Last Thursday night, 256 chief executive officers and a few politicians—including the Hon. Tony Abbott, the Leader of the Opposition, and Minister Mark Arbib—slept out at Luna Park in Sydney to raise funds for St Vincent de Paul's work with respect to homelessness and to raise awareness of homelessness. Across all the capital cities in Australia, a total of 1,001 CEOs and, I suspect, a few attendant politicians, slept out for the night for that very worthy cause.

The initiative of the CEO sleep-out was, I am proud to say, started by Penrith business executive Bernard Fehon. It is a great initiative and in New South Wales alone this year it raised over $1.4million. Anyone who has met Bernard knows just how passionate and committed he is to this issue and, as I said, the fact that it was started by a Penrith local is particularly notable for me.

Attracting slightly less publicity, perhaps, but just as important an initiative was the Penrith Valley Fund Business Sleepers event at the Penrith Paceway on 3 June this year. It was the end of a very cold, wet week, and sleepers were consigned to the concrete areas surrounding the paceway rather than the quagmire that was the centre of the track. I have to say that the paceway takes on a rather eerie perspective in the early hours of the morning if you are used to seeing it on a regular trots night, a Panthers' game night when they are playing across the road or when the markets are there.

Credit for the organisation of that sleep-out, the Penrith Valley Fund Business Sleepers event, goes very much to Richard Eastmead from the Good Guys at Penrith and their absolutely indefatigable marketing manager, Gai Hawthorn. In terms of participation, there were over 40 local business people and members of parliament, including myself; Tanya Davies, the newly elected state member for Mulgoa; and Stuart Ayres, the state member for Penrith. We had...
the Good Guys team in numbers. We had local newspaper editors, florists, bankers, club management from the paceway, website designers and business advisers, again, including Bernard Fehon and many others.

It was particularly good to meet some of the tireless local community and volunteer workers who were there to talk to us and give us their perspective on homelessness, about their regular nightly work, about who they meet and their circumstances and the challenges that they face. It was also instructive and, to say the least, enlightening to speak with some of the local men who are struggling with the nightly challenge of homelessness themselves. Even more instructive, I have to say, was a conversation with Malcolm, who is regarded as one of the local community and voluntary workers' success stories. He had been out of work for a very long period of time and homeless for an extended period, and he related a number of those stories with great pride as he was able to stand in front of us and tell us about the job he had recently acquired, about his consistent accommodation and how that had changed his life very much for the better. All of the participants contributed a small sum towards swags for the homeless and essentials packs put together, as I said, by Gai Hawthorn for the Good Guys.

It was a cold night but not the coldest, and the concrete, even with our cardboard base, was cold and hard but not unbearable—all of this was nothing compared to the experiences of those who sleep rough every night, hundreds of them in places like Penrith and Parramatta.

I particularly want to acknowledge the great community spirit and effort of Richard Eastmead and his team. This was their first sleep-out, but it does not matter, it seems to me, whether it is homelessness, the World's Biggest Morning Tea, the setting up of the Penrith Valley Community Fund, the work of the local community kitchen or the support of the Fusion Youth Services, Richard and his team are there and, so to speak, they absolutely put their money where their mouth is. They make an amazing contribution, and he is an amazing contributor. It is an admirable commitment to community which shows the very high personal regard in which Richard is held across the city of Penrith and much further afield.

One of the reasons I speak about this activity tonight, in addition to the CEO sleep-out from last week, is that these awareness-raising activities are invaluable for showing the rest of our local community and Australia, and corporate and political leaders, some of the realities of homelessness. It can be on the front page of the Sydney Morning Herald or our local Nepean News. The story about a sleep-out by local community members does have an impact. I have had people raise it with me since then in the street, at functions, in the gym and in conversation amongst friends. It makes a real difference to how people think about homelessness and in fact whether people think about homelessness. It makes a real difference to their level of awareness. My first real awareness of the challenge of chronic homelessness in Australia was crystallised in 1989 by what was then known as the Burdekin report from the Human Rights and Equal Opportunity Commission, with its focus on youth homelessness and on the lack of state-federal coordination in this area. It became a real focus of my policy interest as someone involved in the youth wing of my political party, probably much to the irritation of the then coalition shadow ministers in the portfolio. It is perhaps somewhat ironic that we have come full circle to a point where I am now the shadow
minister for housing myself and I can irritate myself with my obsession, I suppose.

I also want to refer briefly tonight to the Nepean Youth Accommodation Service, an invaluable service which local Penrith identity and board member George Rabie introduced me to some years ago. I attended the NYAS, as they are known, members dinner in Penrith recently. It was held both to acknowledge the work that NYAS and their manager, Joe Magri, do and, again, to raise awareness of their work amongst business, the media and the broader community in the Penrith area. They have operated in the region since 1989. They deliver support services and accommodation options to young people who are homeless or at risk of homelessness or of entering the child protection system.

One of the things I particularly like about NYAS is their vision for their clients. It is pretty simple, really. It is: That young people and young families are included as part of their local community. It is not until you think about how often many of us would take that feeling for granted that you realise what a basic aspect of our lives it is that is not present in the lives of those who are homeless. From personal observation, Joe Magri, by his example, leads a highly dedicated team who are passionate about the kids they support. Whether it is through their refuge accommodation, their young parents program or their Nepean Youth College, they are changing lives. I have met some of their clients and several gave presentations on the night: Shane, Melanie, Gerard, and Rebecca and Andrew. They each have very different but very profound experiences of homelessness and all acknowledged the importance of NYAS to their lives and to their futures.

I particularly noted the role of the Nepean Youth College in the support of these young people. It is a tutorial centre for young people who have disengaged from formal education. The passion with which some of them spoke about the chance to complete their basic high school education—to make those steps which, again, so many people take for granted—was incredibly compelling.

NYAS has a strong, community based, elected board and they work very hard to maintain links between their organisation and service providers and other community groups and to work in partnership with all of them. They are absolutely vital local relationships. As Joe Magri has emphasised to me, they illustrate the strong importance of the government response to homelessness, at both state and federal levels, as being a whole-of-government response. I know that in parliamentary offices like ours and in other chambers across Australia, constituents are regularly coming forward with their own challenges of housing affordability and homelessness, and still more are falling between the service cracks. Organisations like NYAS provide a vital support and service in our communities and I absolutely commend them tonight on the job they do.

These small, local efforts, reported in people's local papers or in the national dailies, sometimes do make us stop and think. The community contribution that individuals make from their own businesses, from their own families and, essentially, from their own hearts and minds makes all the difference to how we are able to support those who need our support.

Australian Capital Territory
Centenary

Senator LUNDY (Australian Capital Territory—Parliamentary Secretary to the Prime Minister and Parliamentary Secretary for Immigration and Multicultural Affairs) (22:11): The centenary of the founding of Australia's national capital is now less than
two years away. While the historic month of March 2013 will no doubt be crammed full of community celebrations and commemorative events, I note with real interest that the centenary program, under the guidance of creative director Robyn Archer and her team, will evolve over the entire year, focused on 12 carefully chosen, themed months and embracing the four different seasons to mark the special birthday of the unique inland city on the edge of the Australian Alps.

We know that the full program will be announced in September 2012, so the next 15 months will be vital in finalising the detail of what already promises to be a superb 'big book' publication of the list of cultural, commemorative, history and heritage activities. The Australian government's contribution to the centenary, announced in the recent budget, is timely indeed and a welcome affirmation of the partnership agreement with the ACT government signed in late 2008. I will return to the budget shortly, but first I will give a little context.

Over the past few years, we have had several milestone Canberra centenaries meaningfully recognised: the so-called 'battle of the sites' of 1902 to 1908, which eventually determined where the capital would be placed; the Seat of Government Act 1908, giving the final nod to the option somewhat mischievously labelled the 'Yass-Canberra'; the exhaustive survey of the capital area and surrounds under the watchful eye of Charles Robert Scrivener, the most respected surveyor of his generation; the start, in June 1910, of the exhaustive border survey of the federal territory, which would take almost five years to complete; and, on the first day of January 1911, the commencement of the Federal Capital Territory—recognised and celebrated by the Commonwealth parliament with a splendid exhibition in the Presiding Officers gallery entitled 'Devotion, daring and sense of destiny: surveyors of the early Commonwealth'. The exhibition ran for three months, up to Canberra Day this year, and was seen by upwards of 200,000 visitors from right across the country, and no doubt many overseas visitors as well.

Yet it is, I think, fair to say that, while recognising the heritage significance of this cluster of commemorative signposts in recent years, it is only in the last couple of months that we have finally arrived at the business end of the centenary build-up. For on 30 April 2011, less than two months ago, the national capital—and the nation—remembered with pride the announcement, exactly 100 years earlier, of the remarkable international competition to design Canberra. The Centenary of Canberra team grasped this prized opportunity to announce a bold new project destined to run right through to 12 March 2013. Entitled 'Capithetical', it is itself a design competition for a hypothetical Australian capital city, open to aspiring and established designers and planners across Australia and across the world. I understand that initial stakeholder interest in the competition, just like 100 years earlier, has already been enormous. Capithetical aims to do a number of things, including: encourage the most innovative thinking about cities today; examine the original world competition a century ago, which we know was won by Marion Mahony-Griffin and Walter Burley-Griffin; and speculate on the roles to be played by capital cities throughout the 21st century and beyond. It a very exciting and potentially controversial concept certain to generate cutting-edge discussion and debate globally about our mature national capital, our beloved 'bush capital', our pre-eminent 'capital city in the landscape', so described, and we will all learn from it.

In her Canberra Day Oration in March this year entitled 'Seed now, blossom in 2013,
flower for another hundred years’, Robyn Archer stated:

The program for the Centenary is based on the very highest ideals, and couched in the very finest streams of creativity we can find, nurture and afford. The celebration becomes a year-long showcase of the best of our thinking and achievement. Yes there will be fun, and joy and awe, but in the service of ideals and values that are pivotal to the nation’s future.

I cannot help but be struck by the potent connection between the ACT government’s imaginative mapping of the 2013 Canberra centenary and the lofty sentiments, nearly 100 years earlier, of Labor Prime Minister Andrew Fisher when he spoke at the Foundation Stones naming ceremony on 12 March 1913. On that momentous day, Prime Minister Fisher articulated a simple, powerful vision for the Australian capital city to come. He said:

Here, on this spot, and in the near future, and, I hope, the distant future too, the best thoughts of Australia will be given expression ... I hope this city will be the seat of learning as well as of politics, and it will also be the home of art.

Prime Minister Fisher's speech was delivered towards the end of a productive three-year period of Labor government from 1910 to 1913, during which he embarked with intent—and, I have to say, in the face of constant criticism from his conservative political opponents—on an energetic nation-building enterprise on behalf of his country. He recognised the roles—practical, administrative and symbolic—that the national capital would be called on to play in the future and legislated accordingly. Fisher positioned Australia for the many challenges of the new century ahead.

In circumstances not dissimilar, the Labor government today, under Prime Minister Gillard, is determined to deliver on its own nation-building commitment. A number of items in the recent May budget bear further testimony to a determined commitment that transcends the relentless carping of the opposition. Night after predictable night, the opposition turns up for stunt after stunt, with no policy substance to contribute to the public conversation. In the meantime, Labor gets on with the job of governing, acutely conscious of its community, heritage and, above all, its necessary nation-building responsibilities. Thus, in recognition of the importance of the forthcoming centenary of our nation’s capital, the government has allocated $6.8 million to date as its contribution to the centenary program to ensure that the specifically national elements of the program are properly funded as part of a close partnership with the ACT Labor government.

This centenary program allocation is just one part of a much wider federal investment here in the ACT this financial year. There is investment in a number of important infrastructure projects, as well as in ACT schools, health, families and jobs. There is an allocation of $82.2 million to ACT road infrastructure improvements—most notably $42 million to the upgrade of Constitution Avenue, which will enable the National Capital Authority to begin to shape this major thoroughfare as the premier inner-city boulevard that Walter and Marion Griffin originally intended. ACT schools will benefit from the Smarter Schools National Partnerships program, with some 30 territory schools funded through the $17 million made available by the government over the life of the partnerships program. For example, funding at Richardson Primary School will enable new teachers to do tailored courses aimed at overcoming barriers to student learning. Also, $2.3 million has been allocated to the ACT health sector to improve critical outreach and training courses, $2.9 million has been allocated to support Koomari in the ACT, $790,000 has
been allocated to support the work of the Community Programs Association, and $141,000 has been allocated to establish 19 broadband terminals at seniors kiosks around the ACT. In addition, some 6,700 ACT families in this financial year are eligible for an extra $4,200 for their 16- to 19-year old children to assist with cost of living expenses, while some 7,300 apprentices are eligible for the trade apprentice bonus scheme.

Defence and security has been bolstered, with $34.7 million allocated to new and upgraded facilities at ADFA, $83.6 million to HMAS Creswell, and $30.6 million to the new ASIO facility. I am also very pleased about the $33.9 million that has been allocated to the Australian War Memorial over a number of years to ensure that the institution can meet its increased commitments in the years leading up to the milestone centenary of Anzac and Gallipoli in 2015. (Time expired)

**Australian Greens**

Senator KROGER (Victoria) (22:21): With only three parliamentary sitting days left before the composition of the Senate changes on 1 July, I am filled with trepidation at the implication of a strengthened Labor-Green coalition. With the Australian Labor Party and the Greens holding the balance of power in the Senate with the arrival of three further Greens senators, I look forward to and anticipate the level of scrutiny that I hope will be applied to the Greens agenda.

I hate to say it, but there is a stale aroma wafting at the Senate doors: it is called communism, that political ideology which has been tried, tested and failed to the detriment of millions of people. Whilst the clock counts down to 1 July, radical extremism must be left at the door.

The Greens have been masters of disguise and artisans of deception. What they sell is rarely what they deliver. The leader of the Australian Greens outlined the priorities for his party prior to the last federal election. It included repealing the Northern Territory euthanasia laws, the return of death duties and, disturbingly, the cessation of public funding for private schools. If a heroin injecting room in your neighbourhood is something which interests you, then the Greens are the party for you. They may appear to champion only environmental causes, but the reality is far removed from this. The most recent demonstration is their influence in ensuring a carbon tax is front and centre of the Gillard government’s agenda.

Karl Marx died in 1883. It would be reasonable to suggest that the Greens movement has been trying to revive his spirit ever since. The Greens have not accepted that communism has failed and that it is anathema to the Australian way of life, and they clearly have not learnt the lessons from the collapse of socialism in Soviet Russia and East Germany. An obsession with the class struggles which Marx referred to in his writings has meant that the Greens are more concerned with the redistribution of wealth and punishing wealth creators than in the daily issues that confront Australians. If the Greens think that ‘Communism is the riddle of history solved,’ then they desperately need a reality check.

At the 2010 general election, the people of Australia elected three new Greens senators and the first Greens member of the House of Representatives in Mr Adam Bandt. My point this evening is simply to highlight that with great power comes great responsibility, and given the Greens recent track record we know that the mantle of public scrutiny may be too heavy a burden for them to carry.
Recently, we witnessed a hostile Senator Bob Brown attacking the fourth estate for applying the same standards to them that apply to the two major political parties. His response could only be described as extraordinary; behaviour we would see in the junior school playground from the kid who does not get his own way and cries foul: 'It wasn't me! I didn't do it! I'll tell my mum on you!' When ABC journalist Chris Uhlmann, asked, 'Didn't you say in 2007 that "We had to kick the coal habit"?'—quoting directly from an opinion piece authored by Senator Brown—the senator quickly responded by describing the ABC as the 'hate media'.

Regrettably for Senator Brown, his problems do not end with the fourth estate. He has bigger problems brewing at home with his own party. One of those senators elect, Ms Lee Rhiannon, has already received critical attention for her interest in an extreme radical social-engineering agenda. It is Ms Rhiannon who was an aggressive supporter of the boycott divestment sanctions motion that was passed by the Marrickville council. This Senate recently passed a motion condemning the BDS movement and the Marrickville council for pursuing such a racist charter that would undermine the strong bipartisan support for a two-state solution. It was interesting to read that while the Senate was discussing this Ms Rhiannon was giving an address about how to strengthen Australian solidarity with Palestine. But when you have sucked on the teat of the Communist Party who could be surprised?

It has been reported that in November 2002, in the week prior to protests against the World Trade Organisation in Sydney, Ms Rhiannon spoke in support of the protesters and organised a public conference on civil disobedience at the New South Wales parliament. It has also been reported that Ms Rhiannon was critical of the activities of the police during the violent S11 protests and that in May 2009 Ms Rhiannon was the main speaker at an award ceremony described by the Ministry of Foreign Affairs of Cuba as an act of allegiance to Fidel Castro.

I am disgusted and outraged that a person who seeks to represent the Australian public would choose to support such extreme and subversive political causes. These reported activities are diametrically opposed to the values which our society believes in and which this parliament strives to maintain and uphold. That is why I applaud the member for Melbourne Ports, Mr Michael Danby, who has recently announced that he will not preference Greens at the next federal election in his seat of Melbourne Ports. This very same position was taken by the Victorian division of the Liberal Party for the recent state election in Victoria last November, when the Greens were crowing—and I would suggest that that would be understating their predictions—about a possible victory of four to six lower house seats. They had already factored them into their count. The Liberal leadership made an honourable decision not to preference the Greens. It was one based on the platform and values of the Liberal Party, and it was a decision that was lauded and recognised by Victorians and which saw them win a majority government.

In conclusion, I do not believe that there is any place for selling out your soul for short-term gain. The reality is that all Australians are suffering the consequences of a Labor-Green government, a mistake that we must make sure that we never see or is made again. Let's not forget: if you go to bed with a dog you must expect to wake up with fleas.

**Senate adjourned at 22:29**

**DOCUMENTS**

**Tabling**

The following documents were tabled by the Clerk:
[Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number. An explanatory statement is tabled with an instrument unless otherwise indicated by an asterisk.]

Airspace Act—Airspace Regulations—
Instrument No. CASA OAR 090/11—
Determination of airspace and controlled aerodromes etc Amendment Instrument (No. 1) 2011 [F2011L01054].

Appropriation Act (No. 1) 2010-2011 and Appropriation Act (No. 2) 2010-2011—
Determination to Reduce Appropriations Upon Request (No. 18 of 2010-2011) [F2011L01050].

Australian Bureau of Statistics Act—Proposals Nos—
9 of 2011—Economic Activity Survey.
10 of 2011—Transport Industry Survey.


Christmas Island Act—List of applied Western Australian Acts for the period 24 September 2010 to 7 June 2011.

Civil Aviation Act—Civil Aviation Safety Regulations—
Airworthiness Directives—
AD/DHC-1/33 Amdt 2—Tailplane Support Struts [F2011L01061].
AD/V2500/7—In-flight Shutdown [F2011L01067].
AD/V2500/8—High Pressure Turbine Disks [F2011L01068].

Revocation of Airworthiness Directive—
Instrument No. CASA ADCX 012/11 [F2011L01066].

Cocos (Keeling) Islands Act—List of applied Western Australian Acts for the period 24 September 2010 to 7 June 2011.

Customs Act—
Tariff Concession Orders—
0948746 [F2011L01063].
1041327 [F2011L01064].

Tariff Concession Revocation Instruments—
40/2011 [F2011L01041].
41/2011 [F2011L01042].


Financial Management and Accountability Act—

Financial Management and Accountability Determination 2011/07 – Section 32 (Transfer of Functions from the former DEWHA to DPMC) [F2011L01060].


Migration Act—
Direction under section 499—Direction No. 50—Order of consideration – certain skilled migration visas.


Migration Regulations—Instruments IMMI—
11/008—Places and currencies for paying of fees [F2011L01057].
11/045—Specified place [F2011L01056].

National Health Act—Instruments Nos PB—
43 of 2011—National Health (Price and Special Patient Contribution) Amendment Determination 2011 (No. 4) [F2011L01051].
44 of 2011—National Health (Listed drugs on F1 or F2) Amendment Determination 2011 (No. 7) [F2011L01065].

Governor-General’s Proclamation—Commencement of provisions on an Act
QUESTIONS ON NOTICE

Mining

(Question No. 10)

Senator Bob Brown asked the Minister representing the Treasurer, upon notice, on 28 September 2010:

(1) For the 3 year period up to 2020, using the price forecast used in standard treasury modelling, what revenue will be raised from the Minerals Resource Rent Tax, based on price assumptions for coal and iron ore as used in the Treasury modelling for the Carbon Pollution Reduction Scheme.

(2) What is the estimated cost of the company tax reduction during that period.

(3) Is there any risk that the additional net revenue from the Minerals Resource Rent Tax will fall short of the estimated reduction in revenues from company tax; if so, how great is that risk; if not, how safe is that assumption and why.

Senator Wong: The Treasurer has provided the following answer to the honourable senator's question:

(1) The net financial impact of the Minerals Resource Rent Tax over the forward estimates period has been published by the Government in the 2011-12 Budget. It is not usual practice for governments to release the medium and long term revenue impacts of individual measures. The estimated net revenue impact of the Minerals Resource Rent Tax over the forward estimates is a revenue gain of $11.1 billion, comprising $3.7 billion in 2012-13, $4.0 billion in 2013-14 and $3.4 billion in 2014-15.

(2) The company tax reduction from 30 per cent to 29 per cent in 2013-14 (abstracting from the impact of transitional timing) is estimated to cost around $2 billion.

(3) Treasury does not produce estimates of the expected revenue from the Minerals Resource Rent Tax beyond the forward estimates period. Acknowledging that these figures have been produced on occasion in the past, the former Secretary of the Treasury, Dr Ken Henry, noted in Senate Estimates on 24 February 2011 that “the figures are of such poor quality, there is so much uncertainty attaching to them, particularly the figures in the out years – that is, beyond the forward estimates period – that they are not figures that should be accorded the significance they have been accorded in public debate.” This is because of considerable uncertainty in such estimates, which are highly sensitive to various factors including exchange rate movements and minerals prices. Company tax revenue collections are also subject to variability arising as a result of similar factors. Given the considerable uncertainty attached to these estimates, figures beyond the forward estimates would be of such low reliability that it would not be appropriate to estimate them. It is therefore not possible to accurately predict the net balance over the longer time period between the additional revenue from the Minerals Resource Rent Tax and the estimated reduction in company tax revenue.

Internet

(Question No. 442)

Senator Ludlam asked the Minister for Broadband, Communications and the Digital Economy, upon notice, on 16 March 2011:

With reference to public Internet access in Pukatja (also known as Ernabella), the largest Aboriginal community in South Australia:

(1) When does the department expect public Internet access will become available in Pukatja.

(2) What proportion of people living on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia currently have free public Internet access.
Senator Conroy: The answer to the honourable senator's question is as follows:

(1) The Australian Government funds the delivery of public internet access to remote Indigenous communities through the National Partnership Agreement on Remote Indigenous Public Internet Access (the NPA).

The NPA has been established between the Australian Government and a number of participating state and territory governments, including South Australia, to work collaboratively to improve internet access in remote Indigenous communities. Under the NPA, it is the responsibility of participating state and territory governments to nominate eligible Indigenous communities to receive public internet access facilities. The South Australian Government has not nominated Pukatja under this program.

In addition to the NPA, the department also delivers a number of other programs to improve essential telecommunications services and digital productivity outcomes in remote Indigenous communities.

The National Broadband Network (NBN) will provide high-speed broadband to all Australian premises. Indicative coverage maps published by NBN Co indicate that the APY Lands are likely to be served by next-generation satellite technology, providing peak speeds of at least 12 megabits per second.

NBN Co will also offer an Interim Satellite Service from 1 July 2011 offering peak download speeds of 6 megabits per second and 1 megabit per second upload, ahead of the introduction of a long term satellite solution in 2015. Communities in the APY Lands, such as Pukatja, may eligible for the Interim Satellite Service.

(2) Public internet access facilities may be available in a range of locations such as libraries, community halls, schools and other public buildings. The department does not maintain records on the locations of points of public internet access in Australia.

Defence: Staffing
(Question No. 456)

Senator Johnston asked the Minister representing the Minister for Defence, upon notice, on 22 March 2011:

(1) For the period 1 July to 31 December 2010, how many:
   (a) uniformed staff; and
   (b) civilian staff, resigned from each of the service areas (i.e. Army, Navy and Air Force).

(2) For the period 1 July to 31 December 2010, how many:
   (a) uniformed staff; and
   (b) civilian staff, were made redundant or accepted severance packages in each of the service areas.

Senator Chris Evans: The Minister for Defence Science and Personnel has provided the following answer to the honourable senator's question:

(1) (a) For the period 1 July to 31 December 2010 the following permanent uniformed personnel voluntarily separated from the Services. This includes personnel who left each of the Services through resignation, within 90 days of enlistment, as a transfer to another Service or completion of an employment contract.
   (i) Navy: 484;
   (ii) Army: 1,066; and
   (iii) Air Force: 363
(1) (b) For the period 1 July to 31 December 2010 the following civilian staff resigned from each of the Services:
   (i) Navy: 31;
   (ii) Army: 81; and
   (iii) Air Force: 22

(2) (a) For the period 1 July to 31 December 2010 the following permanent uniformed personnel were made redundant or accepted packages from the Services:
   (i) Navy: 1;
   (ii) Army: 6; and
   (iii) Air Force: 2

(2) (b) For the period 1 July to 31 December 2010 the following civilian staff were made redundant or accepted packages from each of the Services areas:
   (i) Army civilian staff: 9

Treasury: Staffing
(Question No. 612)

Senator Siewert asked the Minister representing the Treasurer, upon notice, on 19 April 2011:

With reference to the department and the agencies within the Minister’s portfolio:
(1) What is the total number of staff currently employed.
(2) What is the total number of staff with a disability currently employed.
(3) What policies or programs are in place to encourage the recruitment of people with a disability.
(4) What retention strategies are in place for people with a disability.
(5) What career pathways or plans are on offer for people with a disability; if none, why.
(6) Are there any specific targets for recruitment and retention; if not, why not.
(7) What policies, programs or services are there to support staff with a disability.
(8) Can details be provided of any policies, programs, services or plans currently under development within the department and its agencies, concerning the employment of people with a disability.

Senator Wong: The Treasurer has provided the following answer to the honourable senator's question:

(1) As at 1 May 2011, there were 1022 staff (head count) employed at Treasury.
(2) Twenty-one of the above-mentioned staff have identified themselves as having a disability.

(3) The Treasury is committed to providing an organisational culture that embraces and actively promotes diversity. Treasury’s Disability Action Plan provides a mechanism for coordinating the department’s efforts to meet its responsibilities under the Commonwealth Disability Strategy regarding equity, inclusion, participation, access and, in particular, accountability. One of the main objectives outlined within Treasury’s Disability Action Plan is to attract and retain a diverse workforce which includes employees with disabilities. Strategies and actions in place to assist Treasury to meet this objective are outlined below.

- Recruitment processes are merit based.
- Gazette job advertisements explicitly encourage people with a disability to apply.
• Recruitment agencies utilised by Treasury support and encourage the employment of people with a disability.
• Utilisation of disability employment networks when recruiting new staff.
• Ensure Treasury’s flexible working arrangements and employment conditions are promoted through the recruitment process.
• Participation in the disability work experience program. This program allows people with a disability to gain administrative experience in the corporate areas, including IT, Finance and HR within Treasury. Work placements are unpaid and run for about 6 weeks, with people on this program working about 25 hours per week. Treasury currently offers 2-3 placements each year with a view to rolling these placements into the policy groups over the next couple of years. CRS Australia currently provide staff to fill these roles.

(4) Refer to question 3.

(5) Another main objective outlined within Treasury’s Disability Action Plan is to ensure that employees with disabilities have access to development opportunities and are encouraged to maximise their potential in the workforce. Strategies and actions in place to assist Treasury to meet this objective are outlined below.
• Managers encourage staff with disabilities to develop appropriate skills.
• Learning and development programs are designed to be inclusive of people with disabilities.
• Ensure Performance Management System processes, including training, articulate Treasury’s commitment to workplace diversity.

(6) While it is Treasury’s aim to increase the recruitment and retention of staff who identify as having a disability, no formal target has been set.

(7) A range of assistance is provided to staff with a disability in the Treasury, including reasonable adjustment identified through work station assessments and the purchase of specialised equipment/software, such as teletypewriter (TTY) phones, specialised keyboards, headphones, voice recognition and magnification software. Case management and rehabilitation services are also made available, if required. This approach ensures employees with a disability, and their managers, feel supported in the workplace, thus creating a safe third-party that can be utilised by all staff for advice and guidance. The JobAccess service has also been utilised to assist staff with disabilities. The department endeavours to identify, wherever possible, the needs of staff with a disability before they commence work in the department. Induction paperwork for new staff captures category of disability to ensure appropriate and timely support is offered on commencement of employment and staff are regularly reminded to update their personal details in Aurion including identification of disability by type. Treasury also ensures that seminars on mental health issues are captured within its health and wellbeing programs to assist in educating staff and removing the stigma associated with mental illness.

Additional objectives outlined within Treasury’s Disability Action Plan are to encourage a culture of tolerance and respect in the workplace by reflecting Treasury values in the management systems and everyday work practises and ensuring that people with disabilities have access to Treasury premises and departmental information. Strategies and actions in place to assist Treasury to meet these objectives are outlined below.
• Communicate the Disability Action Plan to all staff and ensure availability to all staff and the general public.
• Workplace Diversity and Disability Action Plan information included in Annual report.
• Training/awareness programs provided to managers and employees on disability and mental health issues.
• Training/awareness programs offered to colleagues on specific needs of people with disability in their work area.
• Develop Manager awareness of OH&S and rehabilitation services and support offered.
• Trained Workplace Harassment Contact Officers.
• Raise awareness of disability issues through celebration of International Day of People with Disability.
• Ensure current departmental premises are accessible to people with disabilities.
• Workstation adjustment monitored for staff with disabilities.
• Provision made for staff with disabilities in emergency, evacuation and safety procedures.
• Relevant information about Treasury and its business available on the internet and intranet in alternate formats.

(8) Not applicable.

National Competition Council (NCC)

(1) Total of 13 staff currently employed.
(2) No staff identifying as having a disability are currently employed.
(3) The NCC has no recruitment policies or programs specifically directed to people with a disability. However the NCC values diversity, provides an accessible workplace and flexible and supportive working environment and supports the concept of reasonable adjustment: it is committed to action to reasonably accommodate the effects of any staff member’s disability.
(4) The NCC has no retention strategies directed to people with a disability. However the NCC values diversity, provides an accessible workplace and flexible and supportive working environment and supports the concept of reasonable adjustment: it is committed to action to reasonably accommodate the effects of any staff member’s disability.
(5) A career pathway would be available to any NCC staff member with a physical disability. The nature of the NCC’s work would generally not provide a career opportunity for a staff member with an intellectual disability.
(6) The NCC has no specific target: the small size of the NCC means that the employment of a staff member with a disability would represent a relatively large proportion of the NCC’s average staffing level.
(7) The NCC values diversity and has accessible premises and a supportive work environment. The NCC is committed to addressing the needs of any future staff member with a disability on a case by case basis.
(8) The NCC has no policies or plans currently under development.

Australian Accounting Standards Board (AASB)

(1) 10 full time technical specialists, 1 graduate intern, 7 administrative staff, 4 part-time staff – Total 22.
(2) None now. Had one vision impaired person for long period.
(3) Fully encouraged to apply.
(4) Individual staff development plans.
(5) No limitations on path.
(6) The AASB has a target but we have a very small specialised staff with quite low turnover.
(7) Provision of physical facilities (e.g. for visually impaired), good physical access, access to further training/education, flexible work-from-home arrangements, flexible hours to facilitate transport, late evening taxis if needed.

(8) Detailed programs and plans can be provided and are considered appropriate.

Corporations and Markets Advisory Committee (CAMAC)

(1) 3.

(2) Nil.

(3) The work of CAMAC requires staff with highly specialised policy and administrative skills. Persons with those skills are not in great supply. When there is a vacancy, CAMAC encourages anyone with the relevant qualifications, whether or not with a disability, to apply.

(4) CAMAC ensures that staff are aware of the policy outlined in the response to question (6).

(5) CAMAC values the skills of all its employees and ensures that those employees are not prevented from furthering their career with CAMAC by reason of any disability that they may have.

(6) No – CAMAC is a small agency with a minimal budget (just over $1 million). It has not had occasion to recruit for some time and has no immediate plans to recruit additional staff.

(7) CAMAC makes it clear that the health of its employees is paramount. CAMAC has a policy of ensuring that employees with a disability are not unnecessarily disadvantaged in performing their duties, encouraging any employees with a disability to seek necessary medical attention and structuring CAMAC’s workflow to ensure that they have the opportunity to do so.

(8) Given its small size, CAMAC has no plans to develop further policies, programs, services or plans concerning the employment of people with a disability.

Inspector-General of Taxation (IGT)

(1) 7.

(2) Nil.

(3) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

(4) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

(5) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

(6) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

(7) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

(8) The IGT applies the Treasury’s Disability Action Plan and will continue to consider options available to a small agency.

Australian Prudential Regulation Authority (APRA)

(1) As at 30 April 2011, 619 including casual staff.

(2) Six.

(3) to (8) As an employer, APRA ensures that all employment policies, guidelines and processes meet the requirements of the Disability Discrimination Act (1992) and do not discriminate on the basis of disability. APRA’s commitment to the Disability Discrimination Act is included in its Human Resources Policy Manual and Code of Conduct. All staff and managers are responsible for supporting the principles of workplace diversity. APRA is a member of Diversity Council Australia, an...
independent, not-for-profit diversity adviser to business in Australia. APRA’s recruitment policy ensures that recruitment advertising does not dissuade people with disabilities who have the necessary experience, skills and qualifications from submitting applications for employment. The policy also ensures that selection processes take into account the special needs of applicants, so that those with disabilities are not disadvantaged.

**Australian Competition and Consumer Commission (ACCC)**

1. As at 27 April 2011, ACCC headcount was 827 (includes 9 Public Office Holders).
2. 13 employees reported having a disability.
3. At the time of recruitment candidates can specify if they have a disability and if selected for interview whether assistance is required. Where assistance is required, this is provided by the ACCC.
4. Guidance is provided to managers and staff through the Workplace Diversity Plan.
   The ACCC provides reasonable adjustment for staff with disabilities, such as technical equipment for staff who are visually impaired. Employment terms and conditions provide for flexible hours of work, part-time work, home-based work and paid personal leave.
5. Employees identifying disabilities participate in performance development planning which enables career plans to be tailored to their aspirations.
6. There are no specific targets for recruitment or retention. Recruitment is based on the need to fill positions arising from new policy proposals and backfilling vacancies within the constraints of the agencies budget. Retention trends are monitored quarterly.
7. Support is provided at the time of selection and throughout the employee’s employment. Such programs include acquisition of special equipment; flexible or part-time working hours, paid personal leave to attend medical therapy, individually tailored workstation assessments, and external counselling services. Assistance to staff with disabilities is usually tailored to their specific need.
8. There are no policies, programs, services or plans currently under development.

**Royal Australian Mint**

1. The total number of staff currently employed by the Royal Australian Mint is 185.
2. The total number of staff who have declared a disability under the definition in section 4 is 7.
3. The Mint is a bronze member of the Australian Network on Disability (AND) and we are currently working with them to develop reasonable adjustment policies, training and work experience procedures for adopting a customer charter for people with disabilities. The Mint also uses AND’s logo in recruitment advertising.
4. The Mint provides internal and external support to staff with a disability and staff who acquire a disability, enabling them to maintain or return to a role appropriate to their experience and abilities within the organisation. The Mint provides and updates tools and equipment to maintain and sustain capability. The Mint also ensures that staff with a disability have the same opportunities as others to develop their full potential within the Mint. The Mint ensure that specific steps are taken to ensure that the working environment does not prevent staff with a disability from taking up positions for which they are suitably qualified.
5. There are currently no specific formal career pathways or plans on offer; every staff member is given the same opportunities. Staff with disabilities are offered the same training and development opportunities tailored to meet their career objectives taking into consideration their disability through the Performance Development System.
6. There are currently no specific targets for recruitment and retention. However, we recognise the need and are working towards setting these targets with AND.
(7) AND is also working with the Mint to set in place a comprehensive set of policies, programs and services to support staff with a disability. This is under the umbrella of the Employment charter and the checklist on achieving the principles of the charter.

(8) As above.

**Australian Office of Financial Management (AOFM)**

(1) 42.

(2) Nil.

(3) See the Treasury Disability Action Plan 2009-2012.

(4) None at AOFM as we have no such employees.

(5) None at AOFM as we have no such employees.

(6) No – targets are not appropriate given the size of the agency.


**Australian Bureau of Statistics (ABS)**

(1) Total head count of ongoing staff is 2946.

(2) The number of ongoing staff currently employed who have identified as having a disability is 74. The rate of staff with a disability is 2.5%.

(3) Consistent with legislation, APS wide policy and the ABS Workplace Diversity Program, ABS recruitment guidelines provide that there are no barriers to people with disabilities applying for positions and there is no discrimination during selection. This includes:

- ensuring selection criteria only reflect inherent requirements;
- making reasonable adjustments during selection; and
- addressing disability in training for delegates and panels.

(4) Retention strategies that are in place for people with a disability include:

- The ABS Workplace Diversity Program is implemented as per the ABS Enterprise Agreement to:
  
a. ensure that ABS’s corporate, business and human resource plans recognise and utilise the diversity of its employees;

b. provide a workplace that recognises and utilises the diversity of its employees;

c. uphold and promote equity and procedural fairness in decision making;

d. encourage and assist employees to balance work and individual needs;

e. prevent and eliminate discrimination on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin; and

f. foster an environment free of harassment, including bullying.

- The current ABS Enterprise Agreement contains a number of provisions to assist line managers and employees to achieve an appropriate work/life balance including: flexible working arrangements; part time working arrangements; and working from home arrangements.

- ABS Study Support program guidelines state that an employee with a disability may apply for additional support by submitting a statement outlining their special needs. An approved student may be granted up to a total of 10 hours per week paid Study Support by their Approving Supervisor in line with the objectives of the ABS Workplace Diversity program.
• Reasonable Workplace Adjustment guidelines which provide guidance around recruitment process, workplace modification, job redesign, information sharing, provision of adaptive technologies, professional and career development, flexible workplace practices and time for adjustments.

• Physical access to premises and to facilities adhere to Department of Finance and Deregulation planning guidelines, Building Codes of Australia and relevant State and Federal guidelines and standards.

(5) ABS provides career pathways and plans to all staff. These are made available to people with a disability through the application of reasonable adjustment principles, which help ensure staff with a disability can access and participate in learning and career development opportunities.

(6) The ABS currently does not have specific targets for recruitment and retention. The percentage of employees with a disability employed in the ABS has been at similar levels to the APS average (for at least 8 years) and there is no specific whole of government priority or target.

(7) ABS programs and guidelines available to support all staff including those with a disability include: performance management related guidelines; Harassment and Workplace Support networks; and Workplace Diversity advisers and internal complaint mechanisms that are used in conjunction with reasonable adjustment principles as per ABS Reasonable Workplace Adjustment guidelines. Expertise is also built into these programs through attendance at disability related forums and workshops, by HR practitioners including case managers and workplace diversity advisers.

(8) The ABS currently has a Workplace Diversity Plan and a new plan for 2011-15 will be implemented in July 2011. The 2011-15 Plan will incorporate disability strategies including the attraction and retention of people with disabilities.

Productivity Commission

(1) 200.

(2) 6.

(3) The Productivity Commission has an “Equity and Diversity Strategic Plan” and a “Disability Action Plan” to encourage the recruitment of people with a disability.

(4) The Productivity Commission does not have any retention strategies specific to staff with a disability.

(5) The Productivity Commission does not have any career pathway strategies specific to staff with a disability. Staff with a disability have access to the same career pathways as staff without a disability.

(6) The Productivity Commission does not have any recruitment targets specific to staff with a disability. As a small specialist agency where the majority of employment opportunities are for research economists, the field of qualified applicants is very limited.

(7) The Productivity Commission does not have any support programs specific to staff with a disability, but our general workplace health policy is to provide equipment and make any other reasonable adjustment required to support an individual in their employment needs.

(8) The Productivity Commission does not have any plan or program under development specific to staff with a disability.

Australian Taxation Office (ATO)

(1) 24,761 (head count) as at 27 April 2011.

(2) 495 (or 2%) have identified that they have a disability as at 27 April 2011.

(3) The ATO Recruitment and Selections policy (Corporate Management Practice Statement 2009/01).
All recruitment and selection Candidate Information Kits outline the ATO’s commitment to diversity and that the ATO encourages people from all backgrounds, including people with disability, to apply for positions in the ATO.

The ATO provides reasonable adjustment (the administrative, environmental or procedural alterations that are required to enable a person with disability to work effectively and enjoy equal opportunities with others) at all stages of the selection process. The ATO also follows up all successful applicants who have identified as having a disability to ensure that reasonable adjustments are in place in the workplace as soon as practicable. These actions help to ensure that people with disability have a positive experience throughout the recruitment process.

The ATO Access and Inclusion Plan includes a number of programs to support the employment of people with disability:

- a school to work sponsorship program for secondary school students with disability, which is now in its third year. Sponsorship includes financial assistance, mentoring and work experience placements. The ATO has sponsored 18 secondary school students over the last three years.
- participation in the ‘Stepping into Program’ as part of the ATO’s membership of the Australian Network on Disability. In 2010 the ATO provided paid work experience and mentoring for 12 students across the country.
- a pilot program to provide people who are deaf or hard of hearing an opportunity to gain skills and experience that will assist them to participate in the workforce. The pilot program employed eight deaf or hard of hearing persons for a period of 12-18 months.

(4) The ATO has a centralised process for managing requests for reasonable adjustment for employees with disability. This process provides a single point of entry for staff to request various services, equipment and aids associated with making reasonable adjustments in the workplace, thereby making it easier for people with disability to participate and remain in the workplace.

Whilst not targeted specifically at people with disability, the ATO agency agreements provides a broad range of flexible working arrangements such as part time work, home based work, job sharing, purchased leave, flexible working patterns and parental leave. People with disability are able to access these where appropriate.

(5) The ATO participates in the ‘Stepping into Program’ as part of being a member of the Australian Network on Disability. In 2010 the ATO provided paid work experience and mentoring to 12 students across the country, to increase their opportunity to participate in the ATO’s graduate and other entry level programs.

The ATO’s Debt business line has a Community Program which includes targeting people with disability to undertake a mix of work experience, and ongoing and non-ongoing work to assist them develop a career in the ATO.

People with disability, along with all other employees, are able to access career and development advice through the ATO’s performance development agreements and processes.

The ATO also ensures that people with disability are able to access face to face and online learning opportunities. All online learning products are designed to be accessible to all employees through adaptive technology support. In addition, reasonable adjustments are made for face to face learning to allow people with disability to participate fully in these opportunities.

(6) No. However, the ATO is currently considering the new Public Service Commissioner's Direction on employing people with disability, particularly in the context of large scale selection exercises where it may be appropriate to use the special measure provision to quarantine positions for people with disability. The ATO’s focus is on eliminating barriers to employment for people with disability to enable them to compete on merit.
(7) The ATO’s Access and Inclusion Plan contains actions to ensure people with disability are respected, valued, supported and engaged. It contains actions to ensure that ATO policies and practices are inclusive and accessible and includes provision for adaptive technology and the application of reasonable adjustment. In addition, the ATO has a National Disability Network for ATO employees with disability. The network contributes to and influences the development of initiatives and strategies to address issues in relation to people with disability. Approximately 60 employees are members of this network.

(8) The ATO is currently reviewing its Access and Inclusion Plan. The ATO is seeking to improve the programs on offer to provide people with disability with the skills and experience they need to enter the workforce.

The ATO is also actively involved in APS wide collaboration on the recruitment, retention and development of people with disability.

Australian Securities and Investments Commission (ASIC)

(1) As at 27 May 2011, ASIC has 1,870 active employees.

(2) ASIC currently has no employees identifying themselves as disabled in our HR Management Information System, however we have 3 staff with disabilities (as defined Disability Discrimination Act) to whom we provide on-going support.

(3) ASIC has a Workplace Diversity Policy, underpinned by equal employment opportunity principles, to promote building and maintaining a diverse workforce. As part of our recruitment process, candidates have an opportunity to disclose if they have a disability to ensure any reasonable adjustments to process are made.

(4) ASIC has no specific retention strategies in place for people with a disability.

(5) ASIC has no specific career pathways specifically targeting people with a disability.

(6) ASIC has no specific targets for recruiting and retaining people with a disability.

(7) ASIC has a Workplace Diversity Policy and Health and Safety Management Arrangements, acting as a framework to provide ASIC employees with a disability with aid and appliances to assist with their day to day duties. With recent office refits, ASIC has conducted OHS assessments on affected staff members to ensure work areas and work stations suit individual needs.

(8) As part of the 2011/12 HR business plan, policies and programs will be reviewed to ensure our continued compliance with legislation and APS policy and look for opportunities where ASIC grow our commitment diversity.

Australian Reinsurance Pool Corporation: Hospitality

(Question No. 666)

Senator Abetz asked the Minister representing the Treasurer, upon notice, on 21 May 2011:

Did the Australian Reinsurance Pool Corporation hold a CEO retirement function in Sydney on 22 November 2010; if so: (a) what was: (i) the budget, and (ii) the cost of this event; (b) where was it held; and (c) how many people attended.

Senator Wong: The Treasurer has provided the following answer to the honourable senator's question:

The Australian Reinsurance Pool Corporation did hold a CEO retirement function in Sydney on 22 November 2010.

(a) (i) The budget was $25,000.

(a) (ii) The cost was $20,045.53 comprising –
• a deposit of $9,100.00 paid on 18 June 2010, and
• the balance of $10,945.53 paid on 1 November 2010.
  (b) The function was held at the Utzon Room, Sydney Opera House.
  (c) 95 people attended the function.

The Australian Reinsurance Pool Corporation is funded from its reinsurance premium and investment income and receives no appropriation from Consolidated Revenue.